



## DRAFT LETTER OF OFFER

Dated: May 23, 2018

For Eligible Equity Shareholders of our Company Only

### OMKAR SPECIALITY CHEMICALS LIMITED

Our Company was originally incorporated as Omkar Speciality Chemicals Private Limited on February 24, 2005 and was registered with the Registrar of Companies, Maharashtra. It was converted into a Public Limited Company under the name Omkar Speciality Chemicals Limited on March 18, 2010 and a fresh certificate of incorporation consequent such conversion was granted by the Registrar of Companies, Maharashtra on March 18, 2010.

**Registered & Corporate Office:** B-34, MIDC, Badlapur (E), Thane- 421503, Maharashtra  
(For the details of change in our Registered Office, please refer to page no. 52 of this Draft Letter of Offer)

**Tel No.:** +91-251-2690651/2697340; **Fax No.:** +91-251-2691572

**Website:** [www.omkarchemicals.com](http://www.omkarchemicals.com); **Email:** [info@omkarchemicals.com](mailto:info@omkarchemicals.com)

**Contact Person:** Mr. Sunny Pagare, Company Secretary & Compliance officer; **Email:** [cs@omkarchemicals.com](mailto:cs@omkarchemicals.com)

**Name of Promoters:** Mr. Pravin S. Herlekar and Mr. Omkar P. Herlekar\*

(\*Pursuant to reclassification of Promoter/Promoter Group, Mr. Omkar P. Herlekar will cease to part of Promoter/Promoter Group, for which approval from Stock Exchanges is awaited. For details, please refer to page no. 156 of this Draft Letter of Offer)

### FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

**ISSUE OF 4,11,56,008 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") AGGREGATING TO AN AMOUNT UPTO ₹ [●] LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF TWO EQUITY SHARES FOR EVERY ONE FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] ("THE ISSUE").**

**THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 184 OF THIS DRAFT LETTER OF OFFER. THE ENTIRE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS PAYABLE ON APPLICATION.**

### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares issued in the issue have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this Draft Letter of Offer. **Specific attention of investors is invited to the section titled 'Risk Factors' beginning on page no. 15 of this Draft Letter of Offer.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this documents as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

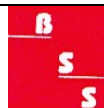
The existing Equity Shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (together the "Stock Exchanges"). We have received "in-principle" approval from the BSE and the NSE for listing the Rights Equity Shares to be allotted pursuant to the Issue vide letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is the [●].

#### LEAD MANAGER TO THE ISSUE



**ALMONDZ GLOBAL SECURITIES LIMITED**  
F-33/3, Okhla Industrial Area, Phase-II,  
New Delhi – 110 020  
Tel.: 011-43500700/800  
Fax: 011-43500787  
**Website:** [www.almondzglobal.com](http://www.almondzglobal.com)  
**Email :** [omkar.rights@almondz.com](mailto:omkar.rights@almondz.com)  
**Investor Grievance Email Id:**  
[complaint@almondz.com](mailto:complaint@almondz.com)  
**Contact Person:** Mr. Ajay Pratap  
**SEBI Registration No.:** INM000000834

#### REGISTRAR TO THE ISSUE



**BIGSHARE SERVICES PRIVATE LTD.**  
Bharat Tin Works Building, 1st Floor,  
Opp. Vasant Oasis, Makwana Road, Marol  
Andheri(East), Mumbai - 400 059  
Tel.: 022-6263 8200  
Fax: 022-6263 8299  
**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)  
**Email:** [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)  
Investor Grievance Email Id:  
[investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
**Contact Person:** Mr. Ashish Bhope  
**SEBI Registration No.:** INR 000001385

### ISSUE PROGRAMME

ISSUE OPENS ON:	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT APPLICATION FORMS	ISSUE CLOSSES ON
[●]	[●]	[●]

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## **SECTION I – GENERAL**

### **Definitions and Abbreviations**

#### **General Terms**

<b>Term</b>	<b>Description</b>
Articles/Articles of Association/AOA	Articles of Association of Omkar Speciality Chemicals Limited as amended from time to time.
Associates	With reference to any company, the associate of that Company would mean any other Company within the meaning of section 2(6) of the Companies Act.
Audit Committee	The audit committee of our Board
Auditors/ Statutory Auditors	Desai Saksena & Associates, Chartered Accountants
Board of Directors/Board /Our Board	The Board of Directors of Omkar Speciality Chemicals Limited or a duly constituted committee thereof, as the context may refer to.
Companies Act	The Companies Act, 2013, or The Companies Act, 1956 as applicable
Companies Act, 2013	Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the Notified Sections
Companies Act, 1956	Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Director(s)	Director(s) of Omkar Speciality Chemicals Limited, unless otherwise specified
Equity Shares	Equity Shares of the Company of face value of ₹ 10 each unless otherwise specified in the context thereof
Financial year / Fiscal	The period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Indian GAAP	Generally Accepted Accounting Principles in India
Internal Auditors	M/s Dipika D. Patel & Associates, Chartered Accountants
KMPs	Key Managerial Personnel of the Company
Listing Agreement	The equity listing agreement signed between our Company and the Stock Exchange(s).
Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015
MOA/Memorandum/ Memorandum of Association	Memorandum of Association of Omkar Speciality Chemicals Limited

<b>Term</b>	<b>Description</b>
Non Residents	A person resident outside India, as defined under FEMA
Promoter(s)	Mr. Pravin S. Herlekar and Mr. Omkar P. Herlekar ( <i>Mr. Omkar P. Herlekar will cease to be part of Promoter/Promoter Group after approval of reclassification by Stock Exchanges</i> )
Promoter Group	The persons constituting our existing Promoter Group pursuant to Regulation 2(1)(zb) of SEBI (ICDR) Regulations being Mr. Rishikesh P. Herlekar and Svaks Biotech India Private Limited
Registered Office	B-34, MIDC, Badlapur (E), Thane- 421503, Maharashtra
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, notified by SEBI on August 26, 2009, including instructions, amendmends, notifications and clarifications issued by SEBI from time to time
SEBI(LODR)	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)
SEBI Takeover Regulations / Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
Stock Exchanges	BSE Limited and National Stock Exchange of India Limited

### Issue Related Terms

<b>Term</b>	<b>Description</b>
Abridged Letter of Offer / "ALOF"	The abridged letter of offer to be sent to Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the SEBI (ICDR) Regulations
Allot / Allotment / Allotted	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue to the Allottees
Allotment Date	Date on which the Allotment is made
Allottee(s)	The successful applicant(s) eligible for Allotment of Rights Equity Shares pursuant to the Issue
Almondz	Almondz Global Securities Limited
Applicant	Eligible Equity Shareholder(s) and/or Renouncees who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Applicant
Application	Unless the context otherwise requires, refers to an application for allotment of the Rights Equity Shares in the Issue
Application Money	The aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price of ₹ [●] per Equity Share



<b>Term</b>	<b>Description</b>
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an ASBA investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained by an ASBA Investor with an SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application in an ASBA Account maintained with the SCSB
ASBA Applicant/ ASBA Investor	<p>Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and:</p> <ol style="list-style-type: none"> <li>Who are holding the Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional Equity Shares in dematerialized form;</li> <li>Who have not renounced their Rights Entitlements in full or in part;</li> <li>Who are not Renouncees; and</li> <li>Who are applying through blocking of funds in a bank account maintained with SCSBs.</li> </ol> <p>All QIBs and other Investors whose application value exceeds ₹ 200,000 complying with the above conditions must participate in this Issue through the ASBA process only notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are individuals) shall apply in the Issue only through non-ASBA process. Further, all QIB Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000</p>
Bankers to the Issue / Escrow Bankers to the Issue	[•]
Bankers to the Company	Bank of Baroda, NKGSB Co-operative Bank Limited and Axis Bank Limited
Composite Application Form/ CAF	The application form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinates Bids under this Issue by the ASBA Bidders with the Lead Manager, the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>
Depositories Act	The Depositories Act 1996, as amended from time to time
Depository	A body corporate registered under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time

<b>Term</b>	<b>Description</b>
Depository Participant	A Depository Participant as defined under the Depositories Act
Draft Letter of Offer/Draft LOF/DLOF	This Draft Letter of Offer filed with SEBI and which does not contain complete particulars of the Issue Price and Issue Size in terms of the number of Rights Equity Shares proposed to be offered in the Issue and issued by our Company in accordance with the SEBI (ICDR) Regulations
Designated Branches	Branch offices of the SCSBs which the respective SCSB has identified as a designated branch at which the Physical ASBA Form can be submitted by an ASBA Investor and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>
Designated Stock Exchange	[●]
Equity Shareholder(s)/ Shareholders	The holders of Equity Shares of our Company
Eligible Shareholders/ Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date, i.e. [●]. Please note that investors eligible to participate in this Issue exclude certain overseas shareholders. For further details, please see “Notice to Investors” appearing on page no. 8.
Electronic ASBA	Submission of Bid-cum-ASBA Form electronically, by an ASBA Investor, through the internet banking facility offered by the SCSBs.
Equity Shares	Equity shares of our Company of face value of ₹ 10/- each, unless otherwise specified
FPI	A foreign portfolio investor who has been registered through the SEBI FPI Regulations provided that any FII or QFI who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI FPI Regulations.
Investor(s)/Applicant(s)	The Eligible Equity Shareholder(s) of our Company as on the Record Date and/or the Renouncees, who have submitted an application to subscribe to the Issue
Issue/Rights Issue	Issue of 4,11,56,008 Fully Paid Equity Shares with a face value of ₹ 10 (Ten) each (“Rights Equity Shares”) for cash at a price of ₹ [●] including a premium of ₹ [●] per Rights Equity Share aggregating to ₹ [●] lakhs on rights basis in the ratio of two Rights Equity Share for every one equity shares held by such Eligible Equity Shareholder on the Record Date
Issue Opening Date	[●]
Issue Closing Date	[●]
Issue Price	₹ [●] per Equity Shares
Issue Proceeds	The gross proceeds raised through the Issue.
Issue Size	The issue of 4,11,56,008 Equity Shares for an amount upto ₹ [●] Lakhs
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which

<b>Term</b>	<b>Description</b>
	Eligible Equity Shareholders can submit their applications
LM/Lead Manager	Lead Manager to the Issue, in this case being Almondz Global Securities Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from the SEBI/Stock Exchange(s) on this Draft Letter of Offer
LODR	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see “Objects of the Issue” on page no. 69 of this Draft Letter of Offer.
Non Institutional Investors	Investor, including any company or body corporate, other than a Retail Individual Investor and a QIB
Offering Documents	Offering Documents shall mean this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAF including any notices, corrigenda thereto
Qualified Foreign Investors / QFIs	Qualified Foreign Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as amended), registered with SEBI under applicable laws in India
Qualified Institutional Buyers / QIBs	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations
Record Date	A record date fixed by our Company for the purposes of determining the names of the Equity Shareholders who are eligible for the issue of Equity Shares that is [●]
Refund Bank(s)	[●]
Registrar/Registrar to the Issue	Bigshare Services Private Limited
Renouncee(s)	Person(s) who has/ have acquired Rights Entitlements from the Eligible Equity Shareholders
Resident Retail Individual Investors	Retail Individual investors who is a person resident in India as defined under Foreign Exchange Management Act, 1999
Retail Individual Investors	Individual Investors (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than ₹ 2,00,000.
Rights Entitlements	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date.
Rights Equity Shares / Rights Shares	The Equity Shares of face value ₹ 10 each of our Company offered and to be issued and allotted pursuant to the Issue.
Self Certified Syndicate Bank / SCSB(s)	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a>
Split Application Form/	Split application form(s) is an application form used in case

<b>Term</b>	<b>Description</b>
SAF	of renunciation in part by an Eligible Shareholder in favour of one or more Renouncee(s).
Share Certificate	The certificate in respect of the Equity Shares allotted to a folio
Stock Exchanges	BSE and NSE, as the context may refer to, where our Equity Shares are currently listed

#### **Company related terms**

<b>Term</b>	<b>Description</b>
“Omkar Speciality Chemicals Limited” or “Omkar” or “OSCL” or “the Company” or “our Company”	Omkar Speciality Chemicals Limited, a public limited Company incorporated under the Companies Act, 1956 having its registered office at B-34, MIDC, Badlapur (E), Thane- 421503, Maharashtra
“We” or “us” or “our”	Unless the context other requires, refers to Omkar Speciality Chemicals Limited
Unit 1	Manufacturing facility located at Plot No. W-92 (A), W-93(A), W-94(A) & W-95(A), MIDC, Badlapur (E), District Thane- 421503, Maharashtra
Unit 2	Manufacturing facility located at Plot No. F-24, MIDC, Badlapur (E), District Thane- 421503, Maharashtra
Unit 3	Registered Office, R & D Center and manufacturing facility located at Plot No. B-34, MIDC, Badlapur (E), District Thane- 421503, Maharashtra
Unit 4	Warehouse located at Plot No. F-9, F-10/1, MIDC, Badlapur (E), District Thane- 421503, Maharashtra
Unit 5	Manufacturing facility located at Plot No. W-83C, MIDC, Badlapur (E), District Thane- 421503, Maharashtra
LASA or Lasa	Lasa Laboratory Private Limited
LSL	Lasa Supergenerics Limited
Urdhwa	Urdhwa Chemicals Company Private Limited
Rishichem	Rishichem Research Limited
Deshchem	Desh Chemicals Private Limited
Resulting Company	Lasa Supergenerics Limited
Demerged Company	Omkar Speciality Chemicals Limited
Scheme of Arrangement or Composite Scheme of Arrangement	The Composite Scheme of Arrangement approved by Hon’ble NCLT Mumbai Bench, dated April 13, 2017, between Omkar Speciality Chemicals Ltd. (OSCL), Lasa Laboratory Pvt. Ltd. (LASA), Urdhwa Chemical Company Pvt. Ltd. (Urdhwa), Rishichem Research Ltd. (Rishichem), Desh Chemicals Pvt. Ltd. (Deshchem) and Lasa Supergenerics Ltd. (LSL) for the merger of four wholly owned subsidiary companies in OSCL and demerger of API Division including Units of Lasa and Urdhwa and Unit 5 & Unit 6 of OSCL to the Resulting Company i.e. Lasa Supergenerics Limited

## Abbreviations

Abbreviation	Full Form
A/c	Account
ACIT	Assistant Commissioner of Income Tax
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AO	Assessing Officer
AY	Assessment Year
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CST	Central Sales Tax
DIN	Director Identification Number
DISH	Directorate of Industrial Safety Health
DP ID	Depository Participant Identification
ECS	Electronic Clearing System
EOGM	Extra Ordinary General Meeting
ESIC	Employees' State Insurance Corporation
FDA	Food and Drug Administration
FDI	Foreign Direct Investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DIPP vide circular no. D/o IPP F. No. 5(1)/2016-FC-1 effective from June 07, 2016
FER	First Examination Report
FIIIs	Foreign Institutional Investors registered with SEBI under applicable laws in India.
FY/Fiscal/ Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GDP	Gross Domestic Product
GoI/Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IEC	Import Export Code
IFRS	International Financial Reporting Standards
Ind AS	Indian accounting standards converged with IFRS, as notified by the Ministry of Corporate Affairs vide Companies (Indian Accounting Standards) Rules, 2015.
Indian GAAP	Generally Accepted Accounting Principles in India
I.T. Act	Income Tax Act, 1961, as amended
LC	Letter of Credit
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MoF	Ministry of Finance, Government of India

<b>Abbreviation</b>	<b>Full Form</b>
MPCB	Maharashtra Pollution Control Board
MVAT	Maharashtra Value Added Tax
N/A / N.A. / NA	Not Applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NCLT	National Company Law Tribunal
NEFT	National Electronic Funds Transfer
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
p.a.	Per annum
PAN	Permanent Account Number
PF	Provident Fund
PPE	Property, Plant & Equipment
RoC	Registrar of Companies, Mumbai
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
STT	Securities Transaction Tax
TRACES	TDS Reconciliation, Analysis and Correction Enabling System
u/s	Under Section
U.S.	United States of America
w.e.f.	with effect from

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI(ICDR)Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “Statement of Tax Benefits”, “Outstanding Litigations and Defaults” and “Financial Statements” appearing on pages no. 79, 161 and 87 of this Draft Letter of Offer, respectively, shall have the meanings given to such terms in these respective sections.

## **NOTICE TO INVESTORS**

The distribution of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer or Letter of Offer or Abridged Letter of Offer or CAFs may come, are required to inform themselves about and observe such restrictions. Our Company is making the Issue of Equity Shares on rights basis to the Eligible Equity Shareholders and will dispatch the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs to the shareholders who have a registered address in India and or who have provided an Indian address to our Company. Those overseas shareholders who do not update the records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and the CAFs, shall not be sent the Letter of Offer/Abridged Letter of Offer and the CAFs.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI and Stock Exchanges for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs must be treated as sent for information only and should not be copied or redistributed or acted upon.

Accordingly, persons receiving a copy of this Draft Letter of Offer or the Letter of Offer or Abridged Letter of Offer or CAFs should not, in connection with the Issue or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdictions where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer or the Letter of Offer or Abridged Letter of Offer or CAFs is received by any person in any such jurisdiction or territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares referred to in this Letter of Offer. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Rights Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the rights and the Rights Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Manager to the Issue or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and

CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to date of this Letter of Offer or the date of such information.

**The contents of this Draft Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Shares or Rights Entitlements. As a result, each Investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Shares or Rights Entitlements. In addition, neither the Company nor the Lead Manager to the Issue is making any representation to any offeree or purchaser of the Rights Shares or Rights Entitlements regarding the legality of an investment in the Rights Shares or Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.**



## **SECTION II: RISK FACTORS**

### **PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA**

#### **Certain Conventions**

References in the Letter of Offer to “India” are to the Republic of India and the “Government” or the “Central Government” is to the Government of India (“GoI”) and its territories and possessions and to the “US” or “U.S.” or the “United States” is to the United States of America and its territories and possessions.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer. References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

In this Draft Letter of Offer, unless the context otherwise indicates or implies, references to “you”, “your”, “offeree”, “purchaser”, “subscriber”, “recipient”, “investor”, “prospective investor” and “potential investor” are to the prospective investors in the Issue, references to the “Company” or the “Issuer” or “our Company” are to Omkar Speciality Chemicals Limited and references to “we”, “us” or “our” are to the Company, unless otherwise specified.

#### **Financial Data**

Unless stated otherwise, the financial data in the Draft Letter of Offer is derived from our financial statements prepared in accordance with Indian GAAP and limited reviewed unaudited standalone financial results for 3 months period ended June 30, 2017; six months period ended September 30, 2017 and nine months period ended December 31, 2017, prepared in accordance with Ind AS. For further details of such financial statements, see the section “Financial Information” on page 87 of this Draft Letter of Offer.

Our fiscal year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular “Fiscal Year” or “Fiscal” are to the 12 month period ended on March 31 of that year.

Indian GAAP differs significantly in certain respects from Ind AS, IFRS and US GAAP. Neither the information set forth in our financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or any accounting principles other than principles specified in the Indian accounting practices. Our historical audited financial statements were prepared in accordance with the Companies Act and Indian GAAP. Given that Ind AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind AS relating to any period subsequent to April 1, 2017, may not be comparable to our historical financial statements prepared under Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Our audited consolidated and audited standalone financial statements for the Fiscal 2017 (“Audited Financial Statements”) that appear in the Draft Letter of Offer have been prepared by our Company in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and other applicable statutory and/or regulatory requirements. Further, the limited reviewed unaudited standalone financial results for 3 months period ended June 30, 2017; six months period ended September 30, 2017 and nine months period ended December 31, 2017 have been prepared in accordance with Ind AS.

We publish our financial statements in Indian Rupees.

In the Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Numerical values have been rounded off to two decimal places.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in lakhs.

**Currency of Presentation**

All references in this Draft Letter of Offer to “Rupees”, “Rs.”, “₹”, “Indian Rupees” and “INR” are to Indian Rupees, the official currency of India.

## FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'anticipate', 'believe', 'continue', 'can', 'could', 'intend', 'may', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'guideline' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, future expectations, describe plans and strategies contain projections of results of operations or of financial condition or state other forward-looking information.

Forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- General economic and business conditions in India and other countries;
- Any adverse changes in the conditions affecting speciality chemicals industry, pharmaceuticals industry, or any other related industry in India in which we operate, and its ability to respond to them;
- Any inability to successfully implement Company's strategy, growth and expansion, technological changes, Company's exposure to market risks that have an impact on its business activities or investments;
- Increase in prices of, shortages of, or delays or disruptions in the supply of raw material;
- Inability to sell our finished products at expected prices or at all;
- Increasing competition in or other factors affecting our Industry;
- Approval of acceptable restructuring scheme by lenders;
- Changes in government policies and regulatory actions that apply or or affect our business;
- Increase in the rate of interest;
- The performance of financial markets in India and globally.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" from page no. 15 of this Draft Letter of Offer. Whilst we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial

condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected.

In accordance with SEBI/Stock Exchange requirements, our Company and Lead Manager will ensure that Investors are informed of material developments until the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchange.

## **Risk Factors**

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Letter of Offer, including the risk and uncertainties described below, before making an investment in our equity shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. If any of the following risk actually occurs, our business, results of our operations and financial condition could suffer, the trading price of our equity shares could decline, and you may lose all or part of your investment.*

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the effect is not quantifiable and hence the same has not been disclosed in such risk factors.*

*This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer.*

*Unless specified or quantified in the relevant risk factors set forth below, our Company is not in a position to ascertain the financial and other implication of any of the other risks mentioned herein.*

### **Internal Risk Factors**

**1. *We are party to certain legal proceedings that, if determined against us, may have a material adverse impact on our business and financial conditions of our Company.***

Our Company is party to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and regulatory bodies. The amounts claimed in these proceedings have been disclosed to the extent ascertainable as on date of this Draft Letter of Offer. Should any new developments arise, such as any change in applicable Indian laws or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. There can be no assurance that these proceedings will not be determined adversely to us or that penal or other action will not be taken against our Company. Any adverse decision in such proceedings may have an adverse effect on our business, results of operations and financial condition. A classification of the legal proceedings instituted against and by our Company and the monetary amount involved in these cases is mentioned in brief below:

Category	Type of cases	Number of outstanding matters	Aggregate amount involved (₹ In Lakhs)
<b>A. Cases filed against our Company</b>			
Tax liability	Income Tax Assessment orders	4	432.33
	Tax Deduction at Source	1	2.09
	VAT Assessment orders	5	591.40
	Excise Assessment orders	1	37.16
Insolvency & Bankruptcy	Insolvency & Bankruptcy	2	143.30
<b>B. Cases filed by our Company</b>			
Civil case	Civil suit for recovery	1	32.43

Our failure to successfully defend claims could result in our business, prospects, financial condition and results of operations being adversely affected. For more information regarding pending litigation, please see the section titled “Outstanding Litigations and Defaults” on page 161 of this Draft Letter of Offer.

**2. There has been delay/default in interest payment to lenders as on March 31, 2018. Bank of Baroda and Axis Bank Limited, our bankers, had recently classified our account as Non-Performing Asset. In the event we fail to make payments of our dues to our lenders, they may take appropriate remedial action against us.**

Our account with lenders has always been regular in the past, except that during last quarter ended March 31, 2018, we faced financial crunch subsequent to demerger. There were delays/defaults in payment of interest/instalments to lenders as on March 30, 2018. The total outstanding against the working capital facilities and term loan including cash credit with Bank of Baroda, NKGSB Co-op. Bank Limited and Axis Bank Limited are ₹ 14285.44 lakhs, and ₹ 3790.96 lakhs respectively as on March 30, 2018. The present outstanding to lenders as on May 21, 2018 is as under:

Name of Lender	Nature of facility	Amount sanctioned / utilized (₹ in lakhs)	Amount outstanding as on May 21, 2018 (₹ in lakhs)	Amount of default (₹ in lakhs)	Delayed period (no. of days)
Bank of Baroda	Term Loan	4046.00	3790.96	432.93	51-141 days
Bank of Baroda	Cash Credit (Stocks & Debt)	4600.00	10757.82*	5419.95	51-141 days
Bank of Baroda	Letter of Credit	6000.00			
NKGSB Co-operative Bank Ltd.	Working capital	2500.00	2498.69	27.37	Due on March 31, 2018
Axis Bank	Bill discounting	1000.00	1037.75	38.29	21-110 days

\*The outstanding amount of ₹ 10757.82 lakhs includes Cash Credit and Letter of Credit availed from Bank of Baroda.

Bank of Baroda vide their letter dated April 5, 2018 informed us about classification of our account as non-performing asset as on March 30, 2018 in accordance with RBI directives and guidelines. The bank vide the said letter has demanded to pay in full and discharge our Company's liability towards them aggregating to ₹ 17090 lakhs plus interest with retrospective effect from bills purchased by us on various dates within 60 days from the date of notice. The bank vide said letter has given notice under sub-section(2) of Section 13 of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and in case of failure to comply, the bank shall exercise all or any of the rights under sub-section(4) of Section 13 to recover its debt which interalia include possession of the secured assets, takeover of management, appoint any person to manage the secured assets, etc. We had submitted our reply to the said letter vide our letter dated April 18, 2018. For details of both these letters, please refer to section titled "Outstanding litigation and defaults" appearing on page no. 161 of this Draft Letter of Offer. Further, Axis Bank Limited vide their letter dated May 19, 2018 have also classified our account as non-performing and advised us to pay the entire dues alongwith interest, failing which the bank will invoke personal guarantee and initiate legal action for recovery of dues.

We believe that the main reason for present default/delay was severe financial crunch being faced by our Company consequent to demerger of API segment into a separate entity viz. Lasa Supergenerics Limited. Further, we had undergone a change in our product mix and had dropped manufacture of some of our products which were of commodity nature, with lesser margin profile but demanding larger working capital requirements, which also resulted in decline of our sales. We are now in the process of submitting a restructuring scheme to our lenders in consultation with them, the terms of which may or may not be acceptable to them. In case of any material adverse change in term(s) by our lenders or non-acceptance of favourable terms, our financial and business operations could be adversely affected.

We have applied to our bankers viz. Bank of Baroda, NKGSB Co-op. Bank Limited and Axis Bank Limited vide our letter dated April 9, 2018 for obtaining non-objection for the present rights issue. The present rights issue will be subject to receipt of banker's approval/consent/no-objection in this regard. Any delay or non-receipt of their no-objection will delay or cancel the present rights issue, which in turn, will materially adversely affect our financial and business operations.

***3. Our Company has incurred net loss during FY 2017 and for 9 months period ended December 31, 2017 and at present has negative net worth. We cannot assure that our Company shall not incur any losses in future.***

During FY2017, we completed demerger of our Company whereby API veterinary business was transferred to Lasa Supergenerics Limited, a separate entity. Our profit before interest, depreciation, tax and exceptional & extraordinary items was ₹ 5966.13 lakhs during FY 2017. However, profit after tax during this period i.e. profit after considering exceptional items also, which consisted of difference between the fair value and book

value of assets transferred to resulting company amounting to ₹ 6321.38 lakhs, we incurred net loss of ₹ 2556.82 lakhs.

We have also adopted Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder. The date of transition to Ind AS was April 1, 2017 and accordingly, unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "*Interim Financial Reporting*" and the other accounting principles generally accepted in India. The impact of transition has been accounted for in the opening reserves and the comparative period figures have been reinstated accordingly.

The impact of Ind AS on our financial statements for the nine months ended December 31, 2017 is summarized as under:

<b>Sr. No.</b>	<b>Particulars</b>	<b>9 months ended 31.12.2017 (₹ in lakhs)</b>
1	Fair valuation of financial liabilities	(321.08)
2	Exceptional Items	(5258.55)
3	Diminution in value of PPE due to revaluation	558.44
4	Actuarial gain accounted for gratuity and leave encashment	18.10
5	Reversal of excess provision of gratuity and leave encashment	10.71
6	Deferred tax income due to revaluation of assets	2746.51
	<b>Total</b>	<b>(2245.87)</b>

Exceptional item of ₹ 5258.55 lakhs represents, the cost of intangible assets including cost of research and development "patents granted from time to time" and/or "patent application filed but grant pending". There are no specific parameters to value such patents in the books. As a result, the management has identified all the costs, assets etc. incurred on it, capitalized it and valued the same at "Zero", resulting into one time adverse affect on the financial results. This treatment is in line with fair valuation method adopted in pursuance of adoption of Ind AS.

All the fixed assets both tangible and intangible has been restated at a fair market value or cost, whichever is lower in line with the Ind-AS provisions becoming mandatory effective from 1st April, 2017.

Further, profit/(loss) after tax and exceptional items for the period ended December 31, 2017 was ₹ (5046.12) lakhs. This loss as on December 31, 2017 coupled with impact of Ind-AS has resulted in negative networth of ₹ 9985.82 lakhs (excluding revaluation reserves) and financial imbalance. The networth of our Company was never negative in the past. Our Company's basic and diluted EPS and RoNW, during FY 2017 and for the 9 months period ended December 31, 2017 was negative i.e., EPS of ₹ (12.42) and ₹ (24.52) for FY2017 and 9 months period ended December 31, 2017 respectively and RONW of (30.89%) and (50.53%) for FY2017 and 9 months period ended December 31, 2017 respectively. If the EPS and RoNW are negative in future, it could have an adverse impact on the trading price of the Equity Shares. Further, in accordance with the Companies Act, 2013, dividend may be distributed only from profits generated in any financial year. Accordingly, our Company has not been able to distribute dividends in FY 2017. Further



losses, if any, in future, could adversely impact our financial condition and the trading price of our Equity Shares.

We cannot assure that we will not incur any losses in the future or there may not be any other impact on our results of operations and cash flows.

**4. *The credit rating of our Company's borrowing has been downgraded to CRISIL D for Long term and short term facilities in March 2018. This downgrade would increase borrowing costs and constrain its access to capital and, as a result, would negatively affect its business operations and profitability.***

The cost and availability of capital is inter alia dependent on our Company's short-term and long-term credit ratings. Ratings reflect rating agency's opinion of our Company's financial strength, operating performance, strategic position, and ability to meet our Company's obligations. The rating of long term and short term credit facilities of our Company aggregating to ₹ 19100 lakhs have been downgraded to CRISIL D on March 14, 2018 on account of delay in repayment of term loan obligations, which in turn was on account of stretched liquidity, intense nature of working capital business and large expenditure towards research and development. CRISIL had earlier assigned rating for total bank credit facilities of ₹ 25500 lakhs vide their letter dated December 7, 2015 and later on withdrawn their ratings on long term bank facility for an aggregate value of ₹ 6400 lakhs on our request. Any downgrade of our Company's credit ratings constrains our accessibility of funds in the debt markets, and, as a result, would negatively affect our business operations and profitability. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our Company's future financial performance and results of operations.

**5. *Statutory auditor of our Company has included certain qualifications/ observations and matters of emphasis in its audit reports of our Company.***

Statutory Auditor of our Company has included certain qualifications in its limited review report of our Company dated February 5, 2018, for the quarter ended September 30, 2017 and December 31, 2017. These qualifications are:

***For quarter ended December 31, 2017***

***a) Going Concern assumptions:***

- i. The Company has negative networth of ₹ 71.71 Crores as at 31<sup>st</sup> December, 2017. The financial results have been prepared assuming that the Company will continue as a going concern. Also the Financial statements do not include any adjustments that might result from the outcome of qualifications as per the succeeding paragraphs.*

***b) Property Plant and Equipment (PPE):***

- i. The Company has a PPE register, however this register does not contain the details required as per the requirement of CARO, 2016.*

***c) Inventory:***

- i. The Company has not maintained satisfactory inventory records e.g. for receipt & consumption of raw materials & semi-finished products, production & sale of finished goods inventory.
- ii. The Company is carrying inventory of ₹ 34.34 Crores which is damaged and has been sold in January 2018 for ₹ 3.43 Crores.
- iii. The Company has lodged a claim on the suppliers for compensation of ₹ 30.91 Crores.
- iv. Pending the resolution of claim the inventory is valued at cost (₹ 34.34 Crores) and possible loss of ₹ 30.91 Crores has not given effect to in the books of accounts.
- v. To that extent the losses for the quarter ended 31<sup>st</sup> December, 2017 are understated and the net worth as at 31<sup>st</sup> December, 2017 is overstated.

**d) Trade Receivables:**

i) Trade Receivables:

The Company has not furnished the confirmations of trade receivables. In view of the same, we are unable to comment on the consequential impact, if any, on the accompanying Statement that may arise on settlement of the aforesaid matter.

ii) Trade Payables:

The Company has not furnished the confirmations of trade payables. In view of the same, we are unable to comment on the consequential impact, if any, on the accompanying statement that may arise on settlement of the aforesaid matter.

**e) Internal financial controls over Financial Reporting (ICFR)**

In general, the ICFR in the Company required to be strengthen significantly. Adequate ICFR policies, procedures should be laid down and overall internal controls and operating effectiveness needs to be strengthened. We are unable to ascertain its impact, if any on the financial statements due inadequacy of ICFR.

**For quarter ended September 30, 2017**

**a) Going Concern assumptions:**

- i. The Company has negative networth of ₹ 66.05 Crores as at 30<sup>th</sup> September, 2017. The financial results have been prepared assuming that the Company will continue as a going concern. Also the Financial statements do not include any adjustments that might result from the outcome of qualifications as per the succeeding paragraphs.

**b) Property Plant and Equipment (PPE):**

- i. The Company has a PPE register, however this register does not contain the details required as per the requirement of CARO, 2016.

**c) Inventory:**

- i. The Company has not maintained satisfactory intentry records e.g. for receipt & consumption of raw materials & semi-finished products, production & sale of finished goods inventory.
- ii. The Company is carrying inventory of ₹ 34.34 Crores which is damaged and has been sold in January 2018 for ₹ 3.43 Crores.
- iii. The Company has lodged a claim on the suppliers for compensation of ₹ 30.91 Crores.

- iv. *Pending the resolution of claim the inventory is valued at cost (₹ 34.34 Crores) and possible loss of ₹ 30.91 Crores has not given effect to in the books of accounts.*
- v. *To that extent the losses for the quarter ended 30<sup>th</sup> September, 2017 are understated and the net worth as at 30<sup>th</sup> September, 2017 is overstated.*

**d) Trade Receivables:**

i. *Trade Receivables:*

*The Company has not furnished the confirmations of trade receivables. In view of the same, we are unable to comment on the consequential impact, if any, on the accompanying Statement that may arise on settlement of the aforesaid matter.*

ii. *Trade Payables:*

*The Company has not furnished the confirmations of trade payables. In view of the same, we are unable to comment on the consequential impact, if any, on the accompanying statement that may arise on settlement of the aforesaid matter.*

**e) Internal financial controls over Financial Reporting (ICFR)**

*In general, the IFCR in the Company required to be strengthen significantly. Adequate ICFR policies, procedures should be laid down and overall internal controls and operating effectiveness needs to be strengthened. We are unable to ascertain its impact, if any on the financial statements due inadequacy of ICFR.*

Accordingly, investors should read our financial information mentioned in section titled as “Financial Information” appearing from page no. 87 of this Draft Letter of Offer, in the context of such statutory auditor qualifications and other matters of emphasis highlighted by them with respect to historical financial information.

**6. Stock Exchanges had imposed penalty on us on account of delay in filing of quarterly results for the period ended September 30, 2017.**

Our Company has made all requisite filings with the Stock Exchanges as required under the Listing Regulations on a periodic basis for the last five years immediately preceding the date of filing of this Draft Letter of Offer. We have never been levied penalty by the Stock Exchange(s) except during disclosure of quarterly results for the period ended September 30, 2017 which was on account of change in statutory auditors and finalization of financial results as per Ind-AS. Further, consequent to applicability of Ind-AS, all assets were revalued and accordingly effect was given in the financial statements, which delayed the finalization and adoption of quarterly results. BSE Limited and National Stock Exchange of India Limited had levied penalty of ₹ 7.33 lakhs and ₹ 4.71 lakhs respectively which was duly paid by us. We have represented our submissions to Stock Exchanges and requested them for waiver/adjustment of penalty paid by us vide our letter dated April 9, 2018. We have not received any reply from them on this matter. Any penalty of such nature, in future, could adversely affect our cash flows and results of operations to that extent.

**7. Two applications are pending for disposal against our Company before National Company Law Tribunal, Mumbai for an aggregate amount of ₹**

***143.30 lakhs, the adverse decision of any or both of such proceedings shall effect our business, results of operations and financial conditions.***

Two applications have been filed against our Company under Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 before National Company Law Tribunal, Mumbai. One application was filed by Ela Enterprises as an Operational Creditor, through Rohini Hemant Prasakar, Proprietor. As per said application, the Company, as on November 11, 2017 owes Ela Enterprises a sum of ₹ 107.63 lakhs on account of payment of wages to contractors, workers as supplied by Ela Enterprises. The matter is currently pending before the Tribunal for disposal. In another matter, MIQ Logistics India Private Ltd. filed petition in the High Court of Bombay for an amount of ₹ 35.67 lakhs on account of re-export of cargo containing 1000 kgs of potassium iodate from Manila Port, Philippines. We have also filed counter claim before Hon'ble City Civil Court, Dindoshi, Maharashtra amounting to ₹ 32.43 lakhs on MIQ Logistics for the damages suffered by us on account of their non-submission of documents/information. Since, the case filed against our Company pertain to winding-up, therefore it was transferred to National Company Law Tribunal. Currently this matter is also pending before the Tribunal for disposal. Any adverse decision in such proceedings may have a negative effect on our business, results of operations and financial condition. For details, please refer to section titled "Outstanding litigations and defaults" appearing on page no. 161 of this Draft Letter of Offer.

- 8. A major portion of the Net Proceeds is proposed to be utilized for payment of overdues and reduction of debt of lenders. Further, part of the Net proceeds will be utilized for additional working capital requirements, adjustment of unsecured loan availed from Promoter in addition to amount being utilized for general corporate purposes.***

No tangible assets will be created from the Net Proceeds of the Issue. We intend to use ₹ 4500 lakhs for payment of overdues and reduction of debt of lenders availed from banks, namely Bank of Baroda, NKGSB Co-operative Bank Limited and Axis Bank Limited. Further, we also propose to partly utilize net proceeds for additional working capital requirements, adjustment of unsecured loan availed from our Promoter and Promoter Group namely Mr. Pravin S. Herlekar, Mr. Rishikesh P. Herlekar and Svaks Biotech India Private Limited. While we believe that such payment of overdues and repayment will help in reducing the outstanding indebtedness and debt servicing costs and enable utilization of the internal accruals for further investment in the business growth and expansion, there can be no assurance that such payments/adjustment will help us in achieving any of the aforesaid objectives.

Further, a certain portion of the total Net Proceeds will be allocated towards general corporate purposes. As on date, we have not earmarked any specific amounts from the Net Proceeds to be utilized for such general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds of the Issue. The manner of deployment and allocation of such funds is entirely at the discretion of our management and our Board, subject to compliance with the necessary provisions of applicable law. For further details, please see section "Objects of the Issue" appearing from page number 69 of this Draft Letter of Offer.

**9. We had negative cash flows from operating, investing and financing activities in some years during last five years. Any negative cash flow from operations in future could affect our operations and financial conditions.**

Based on audited financial statements, we had negative cash flow from operating, financing and investing activities, details of which are as under:

(₹ in lakhs)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Net cash flow from operating activities	5480.15	(1408.29)	5285.36	2414.29	(1730.07)
Net cash flow from investing activities	(6298.52)	1653.43	(7586.69)	(4329.68)	(2792.77)
Net cash flow from financing activities	1306.89	(790.89)	1732.50	1531.88	3583.02
Net increase/(decrease) in cash flow	488.53	(545.75)	(568.83)	(383.51)	(939.82)

The net cash flow of a Company is a key indicator to show the extent of total cash generated from all activities of the Company including operations, investment and financing for a particular year. If we are not able to generate sufficient net cash flows, it may adversely affect our business and financial operations.

**10. We have certain contingent liabilities not provided for that may affect our financial condition.**

As per our audited accounts, we have following outstanding contingent liabilities as on March 31, 2017 and March 31, 2016:

(₹ in Lakhs)

Particulars	December 31, 2017	March 31, 2017	March 31, 2016
<b>i. Contingent Liabilities:</b>			
• Claims against the Company not acknowledged as debt	Nil	Nil	Nil
• Guarantee given by the Company on behalf of its Wholly Owned Subsidiaries			
- Urdhwa Chemical Co Pvt Limited	-	-	2700.00
- Lasa Laboratory Private Limited	-	-	4500.00
• Contigent Liability in respect of income tax demands	425.12	13.36	211.48
• Contigent Liability in respect of income tax penalty demands	228.47	-	-
• Contingent Liability in respect of sale tax demands against which company has filed appeal	219.61	20.08	20.08
• Contingent liability in respect of duties estimated on pending export obligation and interest thereon	265.35	-	-
• Contingent liability in respect of pending litigation against MIQ logistics and interest thereon	35.66	-	-

<b>ii. Commitments :</b>			
Letter of Credit	5009.78	5039.98	3851.62
Estimated amount of contracts remaining to be executed on capital account	-	-	4.06
<b>Total</b>	<b>5009.78</b>	<b>5039.98</b>	<b>3855.68</b>

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

**11. We have very erratic or negative growth which could have an adverse effect on our business and results of operations.**

Our past financials show very erratic growth including negative growth, during the last five years, details of which are as under:

	<b>9 months period ended December 31, 2017</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>
Total Revenue (₹ in lakhs)	16234.08	34726.48	30891.23	19822.33	21536.84	20732.52
Growth in Total Revenue % (on YOY basis)	(53.25%)	12.41%	55.84%	(7.96%)	3.88%	21.49%
Profit before Interest, Depreciation, exceptional item & tax	322.44	5966.13	5416.65	3385.10	3864.46	4212.07
Growth in Profit before Interest, Depreciation, exceptional item & tax (%)	-	10.14%	60.01%	(12.40%)	(8.25%)	14.17%
Exceptional items	5258.55	6321.38	-	-	6.60	-
Profit after tax (₹ in lakhs)	(5046.12)**	(2556.82)*	2221.39	1793.46	1460.22	2080.10
Growth in PAT (%) (on YOY basis)	(97.36%)	(215.10%)	23.86%	22.82%	(29.80%)	26.47%

\*Exceptional items during FY 2017 relate to merger and demerger constituting the difference between the fair value and book value of assets transferred to resulting company.

\*\*During 9 months period ended December 31, 2017, losses was mainly on account of exceptional items of ₹ 5258.55 lakhs representing the cost of intangible assets including cost of research and development "patents granted from time to time" and/or "patent application filed but grant pending" valued at zero cost, in line with Ind-AS.

Any such erratic or negative growth in future, could adversely materially affect the financial and business operations of our Company.

**12. Consequent to applicability of Ind-AS, we revalued/restated our tangible and intangible assets which have resulted in fall in the value of assets held by our Company as on December 31, 2017 which may have an adverse effect on the financial position of our Company.**

During 2017-18, we have adopted Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder. The date of transition to Ind AS was April 1, 2017 and accordingly, unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" and the other accounting principles generally accepted in India. The impact of transition has been accounted for in the opening reserves and the comparative period figures have been reinstated accordingly.

Our Company revalued/restated its assets giving effect to applicability of Ind AS, resulting into decrease in value of fixed assets amounting to ₹ 5323.99 lakhs for the 9 months period ended December 31, 2017. While the consequential fall in the value of assets was accompanied by a fall in the reserves and liabilities, which may have an adverse effect on the financial position of our Company. After considering revaluation/restatement of assets consequential to applicability of Ind AS, our networth (negative) was ₹ 7171 lakhs as on December 31, 2017 whereas networth (excluding revaluation) is ₹ 9985.82 lakhs. The negative networth and consequent ratios adversely impact our financial position and results of operations.

Further, Indian GAAP and Ind AS differ in certain respects from U.S. GAAP, IFRS and other accounting principles and standards. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial statements of the Company nor do we provide for a reconciliation of the financial statements to those of U.S. GAAP or IFRS. Accordingly, the degree to which financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on investor's familiarity with Indian accounting principles. There can be no assurance that the adoption of Ind AS will not affect our reported results of operations or cash flows. In addition, our management may also have to divert its time and other resources for the successful and timely implementation of Ind AS. Any failure to successfully adopt Ind AS in future, may lead to regulatory action and other legal consequences, in turn affecting the trading price of our equity shares. Any of these factors relating to the use of Ind AS may adversely affect our financial condition, results of operation and cash flows.

**13. Our business has high working capital requirements and if we are unable to secure financing for our additional working capital requirements, there may be an adverse effect on our business, and results of operations.**

Our business requires significant infusion of working capital. As on March 30, 2018 our total utilization of working capital limits were to the extent of ₹ 14285.44 lakhs. We now intend to reduce dependency on our working capital by restructuring of our product portfolio which may result into reduction in working capital cycle. However, we would require additional working capital to fund our future operations and business strategies. The amount and timing of our future funding requirements may vary and will depend

largely on our additional working capital requirements and the nature of our capital expenditures.

Further, if we are unable to provide sufficient collateral to secure the working capital facilities obtained by our Company, we may not be able to obtain the additional working capital facilities which may affect our business and growth prospects. The scale of operations of our business will significantly depend on quantum of total working capital available to our Company. Any inability on our part to secure additional working capital facilities from banks/other sources could adversely affect our business and financial operations.

***14. Any delays and/or defaults in payments from our customers could result in increase of working capital investment and/or reduction of our profits, thereby affecting our operation and financial condition. Further, our accounts receivable collection cycle is relatively long, which exposes us to higher client credit risk.***

We are exposed to payment delays and/or defaults in payments by our customers and our financial position and financial performance are dependent on the creditworthiness of our customers. For the financial year ended March 31, 2017 and 9 months period ended December 31, 2017, ₹ 2372.33 lakhs and ₹ 4423.72 lakhs or 22.93% and 85.23% respectively of our total accounts receivable were outstanding for a period of more than six months. As per our business network model, we supply our products to our customers without taking full payment or security deposit against the orders placed by them. Any delays in payments may require us to make a working capital investment. Further, we cannot assure that payments from all or any of our customers will be received in a timely manner or to that extent will be received at all. If a customer defaults in making his payments on an order on which we have devoted significant resources, or if an order in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our Company's results of operations and financial condition. Our accounts receivable collection cycle is relatively long as a result of the nature of our business and operations, which makes our business susceptible to market downturns and client credit risk.

We do not have any long-term contracts with our customers and any change in the buying pattern of the customers could adversely affect the business of our Company.

Moreover, our sales are not supported by letters of credit or bank guarantee. In case of any disputes or differences or default with regard to our payments, we would have to initiate appropriate recovery proceedings and which may be costly and time consuming. There is no guarantee on the timelines of all or any part of our customers' payments and whether they will be able to fulfill their obligations, which may arise from their financial difficulties, cash flow difficulties, deterioration in their business performance, or a downturn in the global economy. If such events or circumstances occur, our financial performance and our operating cash flows may be adversely affected.

***15. A select group of our customers contribute significantly to our revenue and failure to retain one or more of them will have an adverse effect on our financial performance and results of operations.***



During the 9 months period ended December 31, 2017, FY 2017, and FY 2016 our top 10 customers contributed approximately ₹ 12282.15 lakhs, ₹ 24411.25 lakhs and ₹ 22121.67 lakhs, constituting 79.55%, 77.07% and 73.73% respectively, of our total income, as per the financial statements. While we are constantly striving to increase our customer base and reduce dependence on any particular customer, there is no assurance that we will be able to broaden our customer base in any future periods, or our reliance on a select group of customers will decrease or that our business or results of operations will not be adversely affected by a reduction in demand or cessation of our relationship with any of our major customers.

**16. Any failure to upgrade/refurbish/debottleneck our manufacturing unit(s) could adversely impact our business operations.**

Our manufacturing facilities were set up in different years from the year 1983 to 2011. These units require investment in upgradation or refurbishment or debottlenecking by purchase and installation of process equipments & utilities, quality control instruments, alongwith strengthening of environment control systems. We now intend to make expenditure of only ₹ 500 lakhs towards this purpose, out of the proceeds of net issue. Any failure on our part to make timely and adequate investment on upgradation/refurbishment/ debottlenecking for any future investment required for this purpose, will run the risk of breakdown, disruption in the business operations of our Company, which in turn, could adversely impact our financial operations of our Company.

**17. Our revenues from trading activities were significant in the past some of which may be non-recurring.**

There were revenues from trading activities during 2014-15 and 2015-16 to the extent of 13.03% and 25.86% respectively. The break-up of trading and manufacturing activities is detailed below:

Period	Total Revenue (₹ in lakhs)	Revenue & %age from manufacturing activities		Revenue & %age from trading activities	
		Revenue (₹ in lakhs)	% of total revenue	Revenue (₹ in lakhs)	%age of total revenue
9 months (1 <sup>st</sup> April, 2017 to December 31, 2017)	16045.30	16045.30	100%	-	-
2016-17	34501.67	34501.67	100%	-	-
2015-16	30002.02	22244.65	74.14%	7757.36	25.86%
2014-15	19331.31	16813.01	86.97%	2518.30	13.03%

Trading activities have limited margin in comparison to manufacturing activities in our segment. Any future dependence on trading activities could adversely affect our business and financial operations and our manufacturing facilities could become obsolete on account of reduced utilization. Further, trading of products is dependent on outside

suppliers and their product quality, which if found inferior, would adversely affect our business and financial operations. However, these income levels are non-recurring and we do not intend to focus on trading of these products in future.

**18. *Our business is significantly dependent on our manufacturing facilities, and the loss or shutdown of operations at our manufacturing facilities may have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We have facilities in Badlapur, Maharashtra, through which we carry out our manufacturing operations, which exposes us to a significant concentration risk. Our manufacturing facilities are subject to operating risks, such as the risk of substantial disruption or shutdown due to breakdowns or failure of equipment, natural disasters, storms, fires, explosions, earthquakes, floods and other catastrophic events, which could cause power interruptions and water shortages, actual, potential or suspected epidemic outbreaks, terrorist attacks and wars, labour disputes, strikes, lock-outs, loss of services of our external contractors, and industrial accidents.

Our facility and equipment would be difficult and costly to replace on a timely basis. Moreover, catastrophic events could also destroy any inventory located at our facility. If there is any prolonged disruption or shutdown of operations at our manufacturing facilities, we may not be able to replace the equipment or inventories, or set up different facilities to continue our operations in a timely and cost effective manner or at all. We may not be able to recover from damages or interruptions caused to our manufacturing facilities in a timely manner or at all. The occurrence of any such event could result in the temporary or long-term closure of our manufacturing facilities, severely disrupt our business operations and materially and adversely affect our business, results of operations, financial condition and cash flows.

Further, it is also important that we maintain capacity utilisation levels at our manufacturing facilities to ensure profitability. This is dependent on various factors which are beyond our control, including sustained business from our customers. In the event of a reduction in capacity utilisation levels at our manufacturing units, our profitability, results of operations and financial condition could be adversely affected.

**19. *Our Company has not entered into any supply agreement for the major raw materials required for manufacturing of our products and are exposed to risks relating to fluctuation in global commodity prices and shortage of raw material.***

Our raw material cost constitute 70.40% of our total cost, which is significant. The major raw materials used in manufacturing of our products are Crude Iodine, Selenium Metal Powder, Solvents, and others. We do not have any long-term supply contracts with respect to raw material used in the manufacture of our products. Our suppliers may not be able to supply to us our raw materials without interruption, or may not comply with their obligations to us under our purchase agreements, if any. We may not have adequate remedies for any breach and their failure to supply us could result in a shortage of raw materials. If one of our suppliers fails or refuses to supply us for any reason, it would take a significant amount of time and expense to identify a new supplier or manufacturer.

We may not be able to obtain raw material from new suppliers on acceptable terms and at reasonable prices, or at all.

Further, a significant proportion of the raw materials we consume namely, Iodine, Selenium and Tartaric Acid, etc. are imported. During the period ended December 31, 2017; March 31, 2017 and March 31, 2016, raw material imported by us was ₹ 3097.87 lakhs, ₹ 5621.04 lakhs and ₹ 870.75 lakhs constituting 28.58%, 22.69% and 3.71% respectively of the total raw material costs. While we are not significantly dependent on any single manufacturer of such raw material, raw material costs are dependent on global commodity prices, which are subject to fluctuation. In the event the prices of such raw materials were to rise substantially or if imports were to be restricted in any manner, we may find it difficult to find alternative suppliers for our raw materials, on terms acceptable to us, and our business, results of operations and financial condition could be adversely affected.

***20. Our failure to compete effectively in the highly competitive industry could have an adverse effect on our business, results of operations, financial condition and future prospects.***

The industries in which we operate are intensely competitive. We compete with several regional and local companies, as well as large multi-national companies that are larger and have substantially greater resources than we do, including the ability to spend more on advertising and marketing. We also face competition from new entrants who may have more flexibility in responding to changing business and economic conditions. Competition in our businesses can be based on, among other things, pricing, innovation, distribution network, greater access to capital, perceived value, brand recognition, advertising, new product introductions and other activities. It is difficult for us to predict the timing and scale of our competitors' actions in these areas. We expect competition to continue to be intense as our existing competitors expand their operations and introduce new products. Our failure to compete effectively, including any delay in responding to changes in the industry and market, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability.

Our competitors in certain regions may also have better access or exclusive arrangements to procure raw materials required in our operations and may procure them at lower costs than us, and consequently be able to sell their products at lower prices. As a result, we cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our business and results of operations will not be adversely affected by increased competition.

Some of our competitors may be able to price their products more attractively or may be able to distribute their products more effectively through establishing better distribution networks, or may have greater access to capital, superior manufacturing techniques, research and development, marketing and other resources. Our inability to remain sufficiently competitive will adversely and materially affect our business and operating results.

***21. Our inability to fulfill export obligations under advance license could result in potential custom duty liability, which in turn could affect our financial operations to that extent.***

We are required to meet export obligations against import of raw materials under advance license. Our Company has not completed export obligations to the extent of ₹ 2.86 lakhs and ₹ 1138.48 lakhs during 2013-14 and 2014-15 respectively, which could result in levy of penalty by the regulatory authority for these years. Any failure to fulfill the future export obligations, if any, in time may also result in potential custom duty liability or penalty which could adversely affect our financial operations.

**22. *Any inability on our part to maintain quality standards or keep pace with the technological development could adversely impact our business, results of operations and financial conditions.***

Quality control is vital element for our sector. We are supplying our products to pharmaceutical industry, chemical industry, glass industry, cosmetics, ceramic pigments, fragrances, and cattle & poultry feeds and each sector has different product specifications. Any rapid change in our customers' expectation on account of changes in technology or introduction of new products for any other reason and failure on our part to meet their expectation could adversely affect our business, result of operations and financial condition.

We believe that we have always expanded our capacities and/or introduced new products based on latest technology to cater to the growing demand of our customers. We also believe that to meet our clients' needs, we must regularly update our existing technology and acquire or develop new technology and develop new products on a continuous basis. Our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results.

Any quality control, or related issues, which affect our products, may have an adverse impact on our reputation, business and results of operations.

**23. *We are dependent on our research and development activities and the failure to develop new and improved products could adversely affect our business.***

Our Company carries out research & development activities at Badlapur, Maharashtra. The research is carried out for improving the quality of existing products, development of new cost effective processes for the existing products and development of new products. However, research undertaken by competitors may lead to the launch of competing or improved products that may affect the sales of our products. If our R&D efforts do not result in a pipeline of products that can be commercially exploited, our business, results of operations and financial condition may be adversely affected.

Before we can introduce a new product, we must successfully execute a number of steps, including successful research and development, obtaining required approvals and registrations with customers and effective marketing strategies for our target customers. Further, there could be possible delays in launch of final products by our customers, which in turn may delay or cancel our prospective business with them. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to our infrastructure, keep up with technological improvements in order to meet our customers' needs or that the products developed by others will not render our

products less competitive or attractive. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs and lead to us being less competitive in terms of our prices or quality of products we sell.

Our ongoing investments in research and development for new products and processes may result in higher costs without a proportionate increase in revenues. Our R&D expenditure for the 9 months period ended December 31, 2017, Financial Year 2017, Financial Year 2016 and Financial Year 2015 was ₹ 23.10 lakhs, ₹ 466.28 lakhs, ₹ 299.67 lakhs and ₹ 354.73 lakhs, constituting 0.15%, 1.88%, 1.28% and 2.82%, respectively, of our total income, as per the audited financial statements. We cannot assure you that we shall make enhanced R&D investments or continue the current level of R&D investments in our business, or that this investment will yield satisfactory results in terms of new and improved products, or will yield any results at all. The development process for new products is lengthy and costly. Despite investments in this area, our research and development efforts may not result in the discovery or successful development of new products. There can be no assurance that a new product will be commercially successful.

Any failure on our part to successfully introduce new products and processes may have an adverse effect on our business, results of operations results and financial condition.

***24. Any slowdown in the sectors where we supply our products or any adverse changes in the conditions affecting the growth of these sectors could adversely impact our business, results of operations and financial condition.***

Our current business is significantly dependent on the performance and market trends of the pharmaceutical sector during 9 months period ended December 31, 2017, FY 2017 and FY 2016. Our revenue from pharmaceutical sector constituted 69.19%, 75.69% and 71.07% respectively. In addition to pharmaceutical sector, we have our presence in Chemical, Glass Industry, Cosmetics, Ceramic Pigments and Cattle & Poultry Feeds Sectors. We have recently launched new products in fragrances, flavours, foods & beverages to reduce our dependence on the pharmaceutical sector.

Further, our production and sales may also be affected by general economic or industry conditions, regulatory requirements, government initiatives and other factors which are not within our control. Any economic downturn in the pharmaceutical sector or any other sector in which we operate, may significantly affect our business, financial condition and results of operations.

***25. Our revenues are significantly dependent on sale of some of our products. Any factor adversely affecting these products will negatively impact our profitability.***

We manufacture a range of organic, inorganic and organo inorganic intermediates. The inorganic intermediates include Molybdenum derivatives, Selenium derivatives, Iodine derivatives etc. and the organic intermediates comprising of variety of molecules belonging to carbon chemistry. These products find applications in various industries like pharmaceutical, chemicals, glass, cosmetics, ceramic pigments, cattle & poultry feeds. Iodine derivatives are our key category of products contributed 45.86% and 50.93% to our sales for the year 2015-16 and 2016-17 respectively. In case we are not able to

launch new products, our dependence on these products will increase. Any decline in revenues from these products on account of reasons beyond our control or any other factor that negatively affects these products will adversely affect our business, financial performance and results of operations.

***26. We have entered into certain related party transactions and may continue to do so in future, which may potentially involve conflict of interests with the Equity Shareholders.***

We have entered into transactions with several related parties, including our Promoters and Directors aggregating to ₹ 3735.07 lakhs, ₹ 6097.60 lakhs and ₹ 9131.41 lakhs for the period ended 9 month December 31, 2017, March 31, 2017 and March 31, 2016 respectively. We cannot assure you that we could not have achieved more favourable terms. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will always be in the best interest of our shareholders and will not have an adverse effect on our business, cash flows, financial condition and results of operation.

***27. There are restrictive covenants under our credit facilities sanctioned by the lenders, which could influence our ability to expand, in turn affecting our business and results of operations.***

Our Company has entered into an agreement with Bank of Baroda, NKGSB Co-operative Bank Limited and Axis Bank Limited for various credit facilities. We may incur additional indebtedness in future and our ability to meet our debt service obligations and to repay our outstanding borrowings, including existing overdues, depends primarily on the revenue generated by our business. Additionally, during the period in which we are in default, we may be unable to raise, or face difficulties in additional working capital.

Further, our financing agreement contains certain restrictive covenants that limit our ability to undertake certain types of transactions, which may adversely affect our business and financial condition. Covenants under our financing agreements include restrictions on:

- Alteration of our capital structure in any manner;
- Formulation of any scheme of amalgamation or reconstruction;
- Implementation of any scheme of expansion, diversification, capital expenditure, except normal replacements indicated in funds flow statement submitted to and approved by the aforementioned bank;
- Undertaking guarantee obligations on behalf of any company/firm/person;
- Approaching the capital market for mobilizing additional resources in the form of either debt or equity;
- Selling, disposing-off or creating security or encumbrances on the assets charged to the lender;
- Declare any dividend;
- Bank will have first charge on the profits of company after provision of tax and dividend wherever applicable for repayment of instalments;
- Opening any account with any other bank

We have requested for no objection vide our letter dated April 9, 2018 from our existing lenders viz. Bank of Baroda, NKGSB Co-operative Bank Limited and Axis Bank Limited for issue of further equity capital through rights issue, part proceeds of which shall be utilized for repayment of existing overdues and reduction of debt. Their approval/consent is awaited in this regard. The present rights issue is subject to receipt of bank's approval/consent/no objection.

Failure to meet the conditions listed above in future or obtain consents from the lender, as may be required, could have significant consequences for our business and financial condition.

***28. Our applications with respect to some of our patents are pending. Any failure to obtain registrations in relation to such patents could impact our ability to enforce our rights with respect to such intellectual property in the future.***

At present we have registered six patents for our products and have made an application towards the registration of seven of our patents, namely for manufacture of various processes of our intermediate products, which is currently pending. We cannot assure you that they will be registered in a timely manner, or at all. For information in relation to the patents that we have applied for but which are pending registration as on the date of this Draft Letter of Offer, please see the section titled "Government and Other Approvals" appearing on page 170 of this Draft Letter of Offer. Since, our Company does not enjoy the statutory protections accorded to such registered intellectual property, there can be no assurance that third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill.

Our patents are significant to our business and operations. Our total revenue constituted 16.64% and 20.00% of revenue from patented products during 9 months period ended December 31, 2017 and FY 2017. We believe that these products have significant brand recognition in their respective areas. The use of our brand names or logos or patents by third parties could adversely affect our reputation, which could in turn adversely affect our business and results of operations.

Further, our industry is characterized by patent litigations as well. Patent litigation can result in significant damages being awarded and injunctions that could prevent the manufacture and sale of certain products or require us to pay significant royalties in order to continue to manufacture or sell such products. While it is not possible to predict the outcome of patent litigation, we believe any adverse result of such litigation could include an injunction preventing us from selling our products or payment of significant damages or royalty, which would affect our ability to sell current or future products and divert our management's attention. The occurrence of any of these risks could adversely affect our business, financial condition and results of operations.

***29. Anti dumping duty may be applicable to us, which may adversely impact our financial condition.***

Our exports during FY 2016-17 amounting to 20.42% of the total sales. In the past, we have exported our products to 34 countries. The countries, to which we export our goods, may impose anti dumping duties on such goods exported by us. We may be required to

pay additional duty on the goods exported by us, or we may not be able to export such products in future to the concerned countries. Any such scenario could adversely impact our financial condition.

**30. *Our success depends largely on our senior management and our ability to attract and retain our key personnel.***

Our success depends on the continued services and performance of the members of our management team and other key employees. If one or more members of our senior management team were unable or unwilling to continue in their present positions, our business could be adversely affected. Competition for senior management in the industry in generally, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. As such, any loss of our existing senior management personnel or key employees could adversely affect our business, results of operations and financial condition.

**31. *Our Company requires a number of approvals, licenses, registrations and permits in the ordinary course of our business (es) and the failure to obtain or renew them in a timely manner may adversely affect our business operations.***

We require a number of approvals, licenses, registrations and permits for our business(s). Additionally, we may need to apply for renewal of such approvals. There are certain registrations/permits/licenses that have been applied for/not been obtained by our Company for the existing units/warehouse. For details, please refer to section titled “Government and Other Approvals” on page 170 of this Draft Letter of Offer.

A majority of these approvals are granted for a limited duration and require renewal. Further, while we have applied for some of these approvals, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. The approvals required by our Company are subject to conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

**32. *We utilize all our land on a long term lease from MIDC on a leasehold basis, any termination or modification and/or non renewal in future could adversely affect our business operations.***

Our Company does not own the land at which our manufacturing facilities, storage and registered office is located. These lands are on a long term lease with MIDC with average lease period of around 60 years. Any terminations of these lease agreements whether due to any breach or otherwise, or non – renewal thereof, or modification of any terms of lease agreements, could adversely affect the business operations.

**33. *Our Company’s revenue and profits are difficult to predict and can vary significantly from quarter to quarter. This could cause our share price to fluctuate.***



Our operating results have varied in the past and may continue to vary from quarter to quarter due to various reasons, including but not limited to:

- Synchronizing availability of raw material and the competitive pricing of raw material;
- Functioning of our plants;
- Unanticipated changes in regulatory policies in the jurisdictions in which we operate;
- Unanticipated downturn in the sectors in which we operate;
- Availability of adequate working capital for our business operations;
- Approval of acceptable restructuring scheme by lenders;
- Delays in receipt of payment from customers or level of bad debts;
- Our customer's requirements, and their future plans;
- Unanticipated cancellations or deferrals of orders;
- Changes in current tax regulations; and
- Changes in pricing policies of our competitors

Therefore, we believe that quarter to quarter comparisons of the results of our operations may not necessarily be meaningful and should not be relied upon as an indication of our future performance. It is possible that in future some of our quarterly results of operations may be below the expectations of market analysts and our investors, which could lead to a corresponding decline in the price of our Equity Shares.

***34. We are subject to product liability claims in relation to the quality and use of our products. This may harm our reputation and/or have an adverse impact on our operations, revenue and profitability.***

We are exposed to claims in relation to the quality and use of our products. Owing to the nature of our business, there is no assurance that product liability claims will not arise and due to uncertain nature of claims, adequate insurance cover cannot be availed. For defending any product liability claim, we may have to incur substantial legal costs and may also have to divert our management's attention away from business operations. Further, any judgment/award or findings, against us in such claim, may harm our reputation, and may have an adverse impact on our revenue and profitability.

***35. Our insurance cover may be inadequate to fully protect us from all losses.***

We have various insurance policies covering stocks, buildings, furniture, plant & machinery, etc. for total insured amount of ₹ 14348.01 lakhs. However, our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverages. We cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, we are not covered by business interruption policy. Interruption of our business operations for any reasons including on account of fire, flood, any natural calamities etc. may have a material and adverse impact on our business operations and profitability.

We may be exposed to public liability claims as we deal with products, which are made from raw materials, which are hazardous and poisonous and/or chemicals, which are combustible and flammable. Our Company is not covered under any Public Liability Insurance. Therefore, in the event of any accident, we may have to incur substantial costs or pay damages for, inter-alia, personal injuries or loss or damage to property etc. suffered by the public or any third party which may have an adverse impact on the financial performance of our Company.

**36. *Non-compliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, results of operations and financial condition.***

We are subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, noise emissions, air and water discharges; on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations. For example, laws in India limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of substances that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies and incur costs to remedy the damage caused by such discharges. Our Company has obtained membership of Badlapur Common Effluent Treatment Plant Association and Mumbai Waste Management Limited for safe and secure disposal of Hazardous Waste for all our units. Compliance with these regulations entails significant expenditures. Non-compliances or any further imposition of restrictions by the concerned authorities would result in additional costs which may affect the financial operations of our Company.

The adoption of stricter health and safety laws and regulations, stricter interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain our current operations. Complying with, and changes in, these laws and regulations or terms of approval may increase our compliance costs and adversely affect our business, prospects, results of operations and financial condition.

We are also subject to the laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. There is a risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products. We cannot assure you that we will not be involved in future litigation or other proceedings, or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant.

**37. A shortage or non-availability of electricity, fuel or water may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.**

Our manufacturing operations require significant and continuous supply of electricity, fuel and water, and any shortage or non-availability may adversely affect our operations. The production process of certain products, as well as the storage of certain raw materials and products in temperature controlled environments requires significant power. We currently source our water requirements from MIDC and depend on state electricity boards for power. Although we have diesel generators to meet exigencies at certain of our facilities, we cannot assure you that our facilities will be operational during power failures. Any failure on our part to obtain alternate sources of electricity, fuel or water, in a timely manner, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

**38. Unsecured loans taken by our Company from Promoter and Promoter Group may be recalled by our lenders at any time affecting our immediate cash flows.**

Our Company has outstanding unsecured loans from Promoter and members of Promoter Group amounting to ₹ 4669.18 lakhs as on March 31, 2018. We intend to adjust rights issue proceeds to this extent against promoter(s)/promoter group's entitlement/additional subscription in the rights issue. We have availed these loans for meeting our working capital requirements. These loans have no specific terms with regard to the interest payment, repayment and are not secured by a charge on any of the assets of our Company. Due to the absence of any specific terms regarding their repayment or interest payment, the said loans can be recalled by their respective lenders at any given point of time and our Company will be forced to make arrangements for their repayment, which in turn could adversely affect our immediate cash flows.

**39. The requirement of funds in relation to the Objects of the Issue has not been appraised by any bank or financial institution and based on our management estimate, which may change in future.**

We intend to use the Net Proceeds for the purposes as described under the section titled "Objects of the Issue" on page 69 of the Draft Letter of Offer. The Objects of the Issue have not been appraised by any bank, financial institution, Lead Manager or third party. Our funding requirements are based on our current business plan and may vary based on various factors including macroeconomic changes. Our management estimate may or may not be accurate in relation to the additional working capital requirements for our business plan. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and, consequently, the funding requirement and, the utilization of proceeds from the Issue may also change. This may also include re-scheduling the proposed utilization of Issue Proceeds at the discretion of our management. We may make necessary changes to the utilization of Issue Proceeds in compliance with the provisions of the Companies Act in relation to the change in the objects in this issue. In the event of any variations in actual utilization of the Issue Proceeds, any increased fund deployment for a particular activity may be met from funds earmarked from any other activity and/or from our internal accruals. Further, any such

revision in the estimates may require us to revise our projected expenditure which may have a bearing on our profitability.

**40. Our Company is subject to risks arising from exchange rate fluctuations, which could adversely affect the financial results of our Company.**

Uncertainties in the global financial markets may have an adverse impact on the exchange rate between INR and other currencies. The exchange rate between INR and other currencies is variable and may continue to remain volatile in the future depending upon the foreign exchange reserve position in India. Any appreciation of the INR against other currencies may lead to reduction in the realization of our revenues in respect of our exports and increase our input cost in respect of our raw materials. Accordingly, the volatility in the exchange rate would adversely affect the financial results of our Company. During 9 months period ended December 31, 2017, FY 2016-17 and 2015-16, our imported raw material was aggregating to ₹ 3097.87 lakhs, ₹ 5621.04 lakhs and ₹ 870.75 lakhs respectively of our total raw material cost. Further our exports for 9 months period ended December 31, 2017, FY2017 and FY2016 were ₹ 1650.40 lakhs, ₹ 6467.85 lakhs and ₹ 5166.08 lakhs. Our inability to hedge this foreign exchange exposure may result in an adverse impact on our financial condition.

**41. As on March 31, 2018, the percentage of shareholding of Promoter and the Promoter Group, which has been charged by way of pledge, stands at 58.40% of their total shareholding, as against 24.89% as on March 31, 2017.**

As on March 31, 2018, our Promoter and Promoter Group hold 27.64% shareholding in our Company. For the period ended March 31, 2018, the portion of the shareholding of our Promoter and Promoter Group over which a charge has been created by way of pledge, has increased by 33.51%, resulting in a pledge being created on 58.40% of the total shareholding held by them for the purpose of meeting working capital requirement and for expenses incurred in the ordinary course of business of our Company. Any default under the terms and conditions of such transactions may result in the pledgee exercising the right to acquire, sell or otherwise dispose of these Equity Shares which shall further lead to a dilution of the holding of our Promoter and Promoter Group in our Company. Such dilution may adversely impact the trading price of the Equity Shares of our Company.

**42. Our Promoter and members of our Promoter Group have offered personal guarantees in relation to certain debt facilities availed by our Company. Withdrawal of such guarantees could obligate our Company to repay the outstanding loan and seek funding from alternative sources, which could adversely affect our financial condition.**

Our Promoter and members of the Promoter Group have offered personal guarantees in relation to all the secured debt facilities availed by our Company. In the event our Promoter or members of the Promoter Group withdraw or terminate their guarantees, the lender for such facilities may demand to substitute guarantees or immediate repayment of amounts outstanding under such facilities, or terminate such facilities. In the event of occurrence of the abovementioned scenarios, we may not be successful in procuring guarantees to the satisfaction of the lenders and consequently, may need to repay the

amounts outstanding under such loan facilities or seek alternate sources of funds, which could adversely affect our financial condition.

**43. *There may be potential conflict of interest between our Company with other venture or enterprise promoted by relative(s) of Promoter(s) or Director(s).***

API business of our Company was transferred to Lasa Supergenerics Limited, our erstwhile subsidiary, consequent to Hon'ble order of NCLT. Lasa Supergenerics Limited is now run and control independently by Mr. Omkar P. Herlekar, son of our Promoter Mr. Pravin S. Herlekar. There was a disassociation agreement between Mr. Pravin S. Herlekar, Mr. Omkar P. Herlekar and other members on July 22, 2017 on account of which Mr. Pravin S. Herlekar and Mr. Omkar P. Herlekar will independently handle their respective businesses/companies/units. The details of Deed of Disassociation are disclosed on page no. 153 of this Draft Letter of Offer. We cannot assure that any conflict of interest will not arise in future and we shall be able to adopt necessary measures for mitigating these conflicts and hence the same if not managed well, could adversely affect our results of operations and financial condition. Further, the name of our Company "*Omkar Speciality Chemicals Limited*" resembles with Mr. Omkar P. Herlekar, the Promoter of our Company. Mr. Omkar P. Herlekar will be classified under "Public" category after approval of Stock Exchanges, for which an application has already been made by us vide our letter dated April 9, 2018. Although we have registered our logo but we can not assure that this will not lead to any confusion in the market and prevent third parties to use similar words. Any confusion, if arises, might also lead to our Company losing business to such competitors using similar names and might adversely affect our goodwill and results of operations.

**44. *Our Promoter Group entities have incurred losses during last three fiscal years.***

Our Promoter Group entities viz. Svaks Biotech India Private Limited and Delicare Lifesciences Private Limited are not generating any income from operations and therefore, have incurred losses during the last three fiscal years, details of which are given below:

(₹ in lakhs)

<b>Svaks Biotech India Private Ltd.</b>	March 31, 2017	March 31, 2016	March 31, 2015
Income	6.44	6.04	-
Profit after tax	6.30	5.81	(0.15)

<b>Delicare Lifesciences Private Limited</b>	March 31, 2017	March 31, 2016	March 31, 2015
Income	-	-	-
Profit after tax	(0.11)	(1.06)	(0.14)

**45. *We may not be able to sustain effective implementation of our business and growth strategy.***

As a part of our growth strategy, we are restructuring our product portfolio and concentrating more on high margin products in comparison to low margin requiring more working capital, to achieve operational efficiencies. There can be no assurance that we

will be able to execute our strategy in future. Our growth strategy is subject to and involves risks and difficulties, many of which are beyond our control and accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Any inability on our part to manage our growth or implement our strategy effectively could have a material adverse effect on our business, results of operations and financial condition.

**46. *We engage contract labour for carrying out certain business operations.***

In order to retain operational efficiencies, we engage independent contractors through whom we engage contract labour for performance of our operations therefore, we are dependent on the availability of a sufficient pool of contract labour. The number of contract labourers employed by us varies from time to time based on the nature and extent of work contracted to independent contractors. We enter into contracts with independent contractors to complete specified assignments. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial conditions.

**47. *The market price of our Equity Shares may adversely affect due to additional issuances of Equity Shares or sale of Equity Shares by members of our Promoter Group.***

Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**External Risk Factors**

**48. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.***

The regulatory and policy environment in which we operate is continuously evolving and subject to change. Our business is subject to tax regimes and changes in legislations governing them, implementing them or the regulator enforcing them in any one of those jurisdictions could adversely affect our results of operations. Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Central Government or state governments that affect our industry include Goods and Service Tax (GST) (earlier excise duties, service tax, sales tax/VAT), income tax and other taxes, duties or surcharges introduced from time to time and any adverse changes in any of the taxes levied by the Central Government or state governments could adversely affect our business.

The comprehensive national GST regime that had been granted Presidential assent on September 8, 2016. Further, as per notification dated June 28, 2017 by the Central Board of Excise and Customs, Ministry of Finance, certain provisions of the Central Goods and Services Tax Act, 2017 have come into force on July 1, 2017. The GST regime is an attempt to combine taxes and levies by the Central and State Governments into a unified rate structure. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

Additionally, since GST regime is newly enacted legislation, it is subject to various challenges, which may require issue of clarifications from time to time by the relevant authorities. We cannot assure you that pending receipt of such clarification, our business, financial condition and results of operation may not be adversely affected.

Further, the General Anti Avoidance Rules (“GAAR”) are effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

Furthermore, any changes to Indian labour laws, if implemented, could adversely affect manufacturing and other labour intensive industries adversely. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

***49. Our business could be adversely affected by any economic, political and social developments in India and particularly in the regional markets where we operate.***

Our performance and growth are dependent on the health of the Indian economy and other economies directly or indirectly. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, any adverse development in the World economy, introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. Our Company’s business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

***50. Force majeure events, terrorist attacks or natural disaster or any other acts***

***of violence or war involving India, or other countries could adversely affect the financial markets, result in a loss of customer confidence and adversely affect our Company's business, results of operations, and financial conditions.***

Certain force majeure events, being beyond our Company's control, including natural disasters, terrorist attacks and other acts of violence or war which may involve India, or other countries, may adversely affect worldwide financial markets, and could lead to economic recession. These acts may also result in a loss of business confidence and have other consequences that could adversely affect business, results of operations and financial condition of our Company. More generally, any of these events could lower confidence in India. Any such event could adversely affect the financial performance or the market price of the Equity Shares of our Company.

***51. Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business.***

Any adverse revisions to India's credit ratings for domestic and international debt by any domestic or international rating agencies may affect the interest rates and other commercial terms at which financing facilities are available and adversely impact our ability to raise additional financing. This could have an adverse effect on our business, prospects, results of operations and financial condition as well as our ability to obtain financing for further capital expenditures and additional working capital.

***52. Investors may have difficulty enforcing judgments against our Company or our management.***

We are incorporated under the laws of India and all of our Directors, key management personnel and senior management personnel reside in India. All of our assets, and assets of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Code of Civil Procedure, 1908 ("Civil Code"). Further, the Civil Code only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India cannot be enforced or executed in India.

As a result, you may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with



Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws.

***53. Investors can be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares. Recently, the Finance Act, 2018 levied taxes on such long term capital gains exceeding ₹ 100,000 arising from sale of Equity Shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares.***

Under current Indian tax laws, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months will not be subject to long term capital gains tax in India if Securities Transaction Tax (“STT”) is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on such long term capital gains exceeding ₹ 100,000 arising from sale of Equity Shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

***54. After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not sustain***

The prices of our Equity shares may fluctuate after this issue due to a wide variety of factors, including volatility in the Indian and global securities market; our operational performance, financial results and product development, developments in India’s economic liberalization and deregulation policies, particularly in the pharmaceutical industry; and changes in India’s laws and regulations impacting our business.

We cannot assure you that an active trading market for our equity shares will be sustained after this Issue or that the price at which our equity shares would be traded subsequent to this issue will correspond to the current prices for our already existing equity shares.

**55. *There is no guarantee that the Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchange in a timely manner or at all and any trading closures at the Stock Exchange may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until after those Rights Equity Shares have been issued and allotted. In addition, we are required to deliver this Draft Letter of Offer and Letter of Offer to SEBI and the Stock Exchange(s) under the applicable provisions of the Companies Act and the ICDR Regulations. The trading approval shall be granted subject to the submission of all other relevant documents authorizing the issuing of Rights Equity Shares. There could be a failure or delay in listing the Rights Equity Shares on the Stock Exchange(s). Any failure or delay in obtaining the approval would restrict investors' ability to dispose of their Equity Shares. Further, a closure of, or trading stoppage on the Stock Exchange(s) could adversely affect the trading price of the Equity Shares.

**56. *The Issue Price of our Rights Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.***

The Issue Price of Rights Equity Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:

- (a) quarterly variations in the rate of growth of our financial indicators such as earnings per share;
- (b) changes in revenue or earnings estimates or publication of research reports by analysts;
- (c) speculation in the press or investment community;
- (d) general market conditions; and,
- (e) domestic and international economic, legal and regulatory factors unrelated to our performance.

**57. *If security or industry analysts do not publish research or publish unfavourable research or inaccurate research about the business of our Company, the price and trading volume of the Equity Shares may decline.***

The trading market for the Equity Shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We may be unable to sustain coverage by well regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of our Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for our Equity Shares would be negatively impacted. In the event of analyst coverage and in one or more of the analyst(s) downgrade our Equity Shares or publish inaccurate or unfavourable research about our business, our Equity Shares price may decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, demand for our Equity Shares could decrease, which might cause the price and trading volume of our Equity Shares to decline.

## Prominent Notes

1. Issue of 4,11,56,008 Rights Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Rights Equity Share aggregating to ₹ [●] lakhs to the existing Eligible Equity Shareholders on a rights basis in the ratio of two Rights Equity Share for every one Equity Shares held by them on the Record Date (i.e. [●]).
2. The Net worth of our Company (excluding revaluation reserves) as on December 31, 2017 was ₹ (9985.82) lakhs based on limited review of unaudited financial statements as per Indian AS. The size of the Issue is ₹ [●] lakhs.
3. The NAV per Equity Share of our Company as per the Audited Financial Statement as of March 31, 2017, March 31, 2016, and March 31, 2015 is ₹ 40.22, ₹ 88.17, and ₹ 48.53, respectively.
4. For details of our transactions with related parties, during the year ended March 31, 2017, the nature of such transactions and the cumulative value of such transactions, please refer sub-section titled as Related Party Transactions under Section “Financial Statements” and is appearing on page no. 131 of this Draft Letter of Offer.
5. Our Company was incorporated as “Omkar Speciality Chemicals Private Limited” on February 24, 2005 under the Companies Act, 1956 and was converted into a public limited company under the name “Omkar Speciality Chemicals Limited” on March 18, 2010. There has been no change in the name of our Company since incorporation.
6. No part of the Net Issue proceeds will be paid as consideration to Promoter, Promoter Group, Directors, key managerial personnel, associate except that maximum amount of ₹ 4669.18 lakhs will be used for repayment of unsecured loan to Promoter & Promoter Group namely Mr. Pravin S. Herlekar, Mr. Rishikesh P. Herlekar and Svaks Biotech India Private Limited.
7. Our Company, Promoters, Promoter Group, Directors, and group entities have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI nor they have been declared as willful defaulters by RBI/ Government authorities. Further, no violations of securities laws have been committed by them in the past or any case pending against them.
8. Any clarification, information and complaints relating to the Issue shall be made available by the Lead Manager and our Company to the Investors at large and no selective or additional information would be available for a section of Investors in any manner whatsoever.
9. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs giving full details such as name, address of the Applicants, application number, number of Rights Shares applied for, application amounts, ASBA Account number and the Designated Branch of the SCSBs where the Composite Application Form has been submitted by the ASBA Investor. For contact

details, please see the chapter entitled '*General Information*' beginning on page 52 of this Draft Letter of Offer.

10. Investors may contact Compliance Officer or the Lead Manager for any complaints pertaining to the Issue.
11. There has been no financing arrangement whereby the Promoter, member of Promoter Group, the Directors of our Company and their relatives, have financed or agreed to finance the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six (6) months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

### SECTION III: INTRODUCTION

#### Summary

#### THE ISSUE

The Issue has been authorised by way of a resolution passed by our Board on June 16, 2017, and by shareholders on September 27, 2017 pursuant to Section 62 of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “*Terms of the Issue*” beginning from page 184 of this Draft Letter of Offer:

Equity Shares being offered by our Company on rights basis	4,11,56,008 Equity Shares
Rights Entitlement for Equity Shares	Two Rights Equity Shares for every One Equity Shares held as on the Record Date [●]
Record Date	[●]
Face Value per Equity Shares	₹ 10 each fully paid up
Issue Price per Equity Share	₹ [●] (including a premium of ₹ [●] per Equity Share)
Issue Size	Upto ₹ [●] lakhs
Issue Price	₹ [●] per Equity Share
Equity Shares issued and outstanding prior to the Issue	2,05,78,004 Equity Shares
Equity Shares issued and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	6,17,34,012 Equity Shares
Security Codes	ISIN: INE474L01016 BSE: 533317 NSE: OMKARCHEM
Objects to the Issue	Please see the section entitled “Objects of the Issue” beginning on page no. 69 of this draft Letter of Offer.
Terms of the Issue	For more information, please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 184 of this draft Letter of Offer

#### Terms of Payment

The full amount is payable on application

Due Date	Amount
On Application	₹ [●] per Equity Share which constitutes 100% of the Issue Price.

## SUMMARY OF FINANCIAL DATA

The following tables set forth the summary financial information derived from our audited financial statements as on and for Fiscal 2016 and 2017 prepared in accordance with Companies Act, the Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards and other applicable statutory and/or regulatory requirements. Unless stated otherwise, the summary of financial information presented below, is in ₹ and should be read in conjunction with the financial information and the notes thereto included in the section titled “Financial Information” beginning from page no. 87 of this Draft Letter of Offer.

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Draft Letter of Offer, including the information contained in the chapter titled “Risk Factors” and “Financial Statements” appearing on page nos. 15 and 87 of this Draft Letter of Offer before deciding to invest in our Equity Shares.

### Balance Sheet

(₹ In lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds:</b>		
Share Capital	2057.80	2057.80
Reserves and Surplus	6218.87	16086.56
<b>Non Current Liabilities:</b>		
Long-term borrowings	12460.05	7922.74
Deferred Tax liabilities (Net)	720.56	804.16
Long-Term provisions	217.18	242.21
<b>Current Liabilities</b>		
Short-term borrowings	8261.64	9548.96
Trade Payables	8976.44	5051.95
Other Current Liabilities	1595.64	1589.37
Short-Term provisions	444.63	1369.63
Total current liabilities	19278.35	17559.91
<b>Total equity and liabilities</b>	<b>40952.81</b>	<b>44673.38</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
<b>Fixed Assets</b>		
Tangible Assets	16834.85	7774.63
Intangible Assets	12.47	15.18
Capital Work-in progress	-	11267.49
Non Current Investments	13.90	1391.46
Long term loans & advances	174.96	2653.31
Total non-current assets	17036.18	23102.07
<b>Current assets</b>		
Inventories	7312.43	6177.66
Trade Receivables	10345.01	10226.32

Cash and cash equivalents	1057.74	663.40
Short-term loans and advances	5114.27	4414.12
Other Current Assets	87.18	89.81
Total current assets	23916.63	21571.31
<b>TOTAL Assets</b>	<b>40952.81</b>	<b>44673.38</b>

### Statement of Profit & Loss

(₹ In lakhs)

<b>Particulars</b>	<b>As at 31 March, 2017</b>	<b>As at 31 March, 2016</b>
INCOME		
Revenue from Operations	34501.67	30002.06
Other Income	224.81	889.17
Total Revenue	34726.48	30891.23
EXPENDITURE		
Cost of material consumed	19652.32	16709.23
Purchase of stock in trade	-	7342.41
Changes in inventories of finished goods, work in progress and stock in trade	3987.57	(1293.14)
Employee benefit expense	983.11	1102.20
Finance costs	1943.09	1651.87
Depreciation and amortization expense	824.45	428.34
Other expenses	4137.35	1613.88
Total expenditure	31527.89	27554.79
Profit before exceptional items & extraordinary items and tax	3198.59	3336.44
Exceptional items on account of merger & demerger*	6321.38	-
Profit before tax	(3122.79)	3336.44
Tax expenses		
Previous year adjustments	(675.40)	50.02
Current Tax	9.96	699.33
Deferred Tax	109.42	580.55
MAT credit entitlement	(9.96)	(214.85)
Profit for the period	(2556.82)	2221.39
Earnings per equity share (before exceptional items) of ₹ 10/- each (Not Annualized) (in Rupees)		
Basic	15.01	10.79
Diluted	15.01	10.79
Earnings per equity share (after exceptional items) of ₹ 10/- each (Not Annualized) (in Rupees)		
Basic	(12.42)	10.79
Diluted	(12.42)	10.79
Face value of equity share (in ₹)	10	10

**Note:** The Composite Scheme of Arrangement was approved by Hon'ble NCLT Mumbai Bench, dated April 13, 2017 for the merger of four subsidiaries of our Company viz. Lasa Laboratory Pvt. Ltd. (LASA), Urdhwa Chemical Company Pvt. Ltd. (Urdhwa), Rishichem

Research Ltd. (Rishichem), Desh Chemicals Pvt. Ltd. (Deshchem) with Omkar Speciality Chemicals Ltd. (OSCL); and demerger of veterinary API division of our Company into Lasa Supergenerics Ltd. (LSL). The demerged undertakings have been transferred to the resulting company w.e.f. April 02, 2015 the Appointed Date, accordingly Financial Results of the Demerged Company, has been regrouped / rearranged in the above financial results. The Scheme has accordingly been given effect in to the accounts effective from the appointed date close to the Business Hours at April 01, 2015. Accordingly, figures for the financial year ended on March 31, 2017 are excluding the figures of Demerged undertaking. Previous Years figures however include the same, hence, not comparable.

\*Exceptional item consists of the difference between the fair value and book value of Assets transferred to resulting company amounting to ₹ 6321.38 lakhs. The same has been charged to the Profit & Loss Account of the demerged company in terms of the Composite Scheme of Arrangement as sanctioned by the Hon'ble NCLT Mumbai Bench vide their order dated April 13, 2017.

During FY 2017, our profit before exceptional and extraordinary items and tax was ₹ 3198.59 lakhs as compared to ₹ 3336.44 lakhs during FY 2016. However, after considering exceptional items, which consisted of difference between the fair value and book value of assets transferred to resulting company amounting to ₹ 6321.38 lakhs, we incurred net loss of ₹ 2556.82 lakhs.

### Cash flow Statement

(₹ in lakhs)

	Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>Net Profit before tax</b>	(3122.79)	3336.44
	Adjustments for :		
	Depreciation	824.45	428.34
	Finance Expenses	1943.09	1651.87
	Provision for gratuity	25.50	32.85
	Provision for CSR expenses	46.39	50.25
	Interest, dividend income	(51.71)	(829.70)
	Exceptional items of earlier period	3170.32	-
	Increase/diminution in value of investment	-	0.03
	Unrealized foreign exchange gain/loss	94.19	13.69
	<b>Operating profit before working capital changes</b>	<b>2929.45</b>	<b>4683.78</b>
	<i>Adjustments for:</i>		
	Trade and other receivables	(118.69)	(3416.18)
	Short term loans and advances	141.67	(3709.79)
	Other current assets	2.63	235.67
	Inventories	(1134.78)	(712.06)
	Trade and other payables	3383.61	1751.44
	Total adjustments	2274.44	(5850.92)
	Taxes paid	276.27	241.15
	<b>Cash generated from operations</b>	<b>5480.15</b>	<b>(1408.29)</b>



B.	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Purchase of fixed assets	(8835.78)	(1920.57)
	Purchase of investments	7.21	11.57
	Long term loans and advances	2478.34	2732.73
	Interest received	51.71	829.70
	<b>Net cash used in investing activities</b>	<b>(6298.52)</b>	<b>1653.43</b>
C.	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from short term borrowings	(1287.32)	(2520.34)
	Proceeds from long term borrowings	4537.31	3742.45
	Interest paid	(1943.09)	(1651.87)
	Dividend paid (including dividend distribution tax)	-	(361.13)
	<b>Net cash from financing activities</b>	1306.89	(790.89)
	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	488.53	(545.75)
	Cash and cash equivalents at the beginning of the year	663.40	1222.84
	Exchange difference on translation of foreign currency cash and cash equivalents	(94.19)	(13.69)
	Cash and cash equivalents at the end of the year	1057.74	663.40

## General Information

Our Company was originally incorporated as Omkar Speciality Chemicals Private Limited on February 24, 2005 and was registered with the Registrar of Companies, Maharashtra. It was converted into a public limited company under the name Omkar Speciality Chemicals Limited on March 18, 2010.

### Registered & Corporate Office of our Company

Omkar Speciality Chemicals Limited  
B-34, M.I.D.C., Badlapur (E),  
Thane- 421503, Maharashtra  
Tel. No.: +91-251-2690651/2697340/48/49  
Fax No.: +91-251-2697347/2691572  
Email: [investor@omkarchemicals.com](mailto:investor@omkarchemicals.com)  
Website: [www.omkarchemicals.com](http://www.omkarchemicals.com)

**Registration Number of the Company:** 151589

**Corporate Identification Number (CIN):** L24110MH2005PLC151589

### Changes in Registered Office of our Company in the past

Period	Address
Since Incorporation till June 21, 2007	23, Vrindavan, Four Bungalows, Andheri (W), Mumbai- 400058
From June 22, 2007 to March 18, 2010	W-92(A), MIDC, Badlapur (E), Thane-421503, Maharashtra
From March 19, 2010 till date	B-34, MIDC, Badlapur (E), Thane-421503, Maharashtra

### Address of the Registrar of Companies

The Registrar of Companies, Mumbai  
Everest, 5<sup>th</sup> Floor, 100 Marine Drives,  
Mumbai, Maharashtra- 400 002

### Board of Directors

Sr. No.	Name	Designation	DIN	Address
1.	Mr. Pravin S. Herlekar	Chairman & Managing Director	00525610	Sitaram, Ganesh Chowk, Manjarli, Badlapur (W), Distt. Thane 421503
2.	Mr. Rishikesh P. Herlekar	Wholetime Director	05240009	Sitaram, Ganesh Chowk, Manjarli, Badlapur (W), Distt. Thane 421503
3.	Mr. Prakash H. Rao	Executive Director	07239167	C-1, Shiv Basav Nagar, Shiv Mandir Road Opp. Kunal Ice-Cream, Ambernath East Thane 421501
4.	Mr. Laxmikant R. Kabra	Non-Executive Director & Non-	00061346	C-1102, Niharika CHS Ltd., Glays Alwares Road, Off.

		Independent Director		Pokharan Road No-2, Thane (West) 400610
5.	Dr. Vikas Telvekar	Independent Director	03123785	21/836, D.N. Nagar, Andheri (West), Mumbai 400053
6.	Mr. Sitendu K. Sharma	Independent Director	01956423	Flat No. A - 103, Keshar Upvan CHS, Gawand Baug, 2nd Pokhran Road Thane 400610
7.	Ms. Sanjivani S. Patare	Independent Director	07239170	Flat No. 16/701, Tulsidham Triveni Co-Op Hsg. Soc. Ghodbunder Road, Near Tatwadnyan Vidyape ETH, Thane 400607
8.	Ms. Bhavana Parmanand Shewakramani	Independent Director	05290563	Room No 5, Sadguru Apartment, Ground floor, Joshi Baug, Kalyan (West), Thane-421301

#### **Mr. Pravin S. Herlekar**

Mr. Pravin S. Herlekar, aged around 68 years, is the Chairman and Managing Director of our Company. He is one of the Promoters of our Company. He is Bachelor of Technology in Chemical Engineering from Indian Institute of Technology, Bombay and a post graduate in Management Studies from Mumbai University. He has an overall experience of over 4 decades in the field of product development, marketing and administration.

#### **Mr. Rishikesh P. Herlekar**

Mr. Rishikesh P. Herlekar aged around 27 years, is a Whole-time Director of the Company. He is a B.E. (Chemicals) graduate and pursuing M. Tech in Pharmaceuticals Sciences.

For detail profile of our Board of Directors, see “Our Management” appearing on page no. 82 of the Draft Letter of Offer.

#### **Senior Manager (Finance & Accounts)**

Mr. Vaman Acharya  
B-34, M.I.D.C., Badlapur (E), Thane- 421503  
Maharashtra  
Tel. No.: +91-251-2690651/2697340  
Fax No.: +91-251-2697347/2691572  
Email : [vaman@omkarchemicals.com](mailto:vaman@omkarchemicals.com)  
Website: [www.omkarchemicals.com](http://www.omkarchemicals.com)

#### **Company Secretary & Compliance Officer**

Mr. Sunny Pagare  
B-34, M.I.D.C., Badlapur (E), Thane- 421503  
Tel. No.: +91-251-2690651/2697340  
Fax No.: +91-251-2697347/2691572  
Website: [www.omkarchemicals.com](http://www.omkarchemicals.com)  
Email: [cs@omkarchemicals.com](mailto:cs@omkarchemicals.com)

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matters such as non-receipt of letter of Allotment, credit of Equity Shares or Refund Orders and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors.

**Lead Manager to the Issue**

**Almondz Global Securities Limited**

F-33/3, Okhla Industrial Area,

Phase-II, New Delhi – 110 020

Tel: +91-11- 43500700, 43500800

Fax: +91-11-43500787

Email: [omkar.rights@almondz.com](mailto:omkar.rights@almondz.com)

Website: [www.almondzglobal.com](http://www.almondzglobal.com)

Investor Grievance Email Id: [complaint@almondz.com](mailto:complaint@almondz.com)

SEBI Registration No: INM000000834

Contact Person: Mr. Ajay Pratap

**Registrar to the Issue**

**Bigshare Services Private Limited**

Bharat Tin Works Building, 1st Floor,

Opp. Vasant Oasis, Makwana Road, Marol,

Andheri(East), Mumbai - 400 059

Tel.: +91-22-6263 8200

Fax: +91-22-6263 8299

Email: [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)

Website: [www.bigshareonline.com](http://www.bigshareonline.com)

Contact Person: Mr. Ashish Bhope

Investor grievance Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

SEBI Registration Number: INR000001385

**Legal Advisor to the Issue**

**MVKini, Law Firm**

Kini House, 6/39 Jangpura-B

New Delhi-110014

Tel: +91-11-24371038/39/40

Fax: +91-11-24379484

Contact Person: Ms. Rajrani Bhalla

Email: [raj@mvkini.com](mailto:raj@mvkini.com)

Website: [www.mvkini.com](http://www.mvkini.com)

**Banker to the Company**

**Bank of Baroda**

Fort University Branch,

Agra Building, 119, M. G. Road

Fort, Mumbai- 400001

**Tel:** +91-22-61646611

Fax: +91-22-22670567  
Email: [fortun@bankofbaroda.com](mailto:fortun@bankofbaroda.com)  
Website: [www.bankofbaroda.com](http://www.bankofbaroda.com)  
Contact Person: Mr. Sanjiv Singh

**NKGSB Co-operative Bank Limited**

Wankhede Tower, D.P. Road,  
Opp. Spandan Hospital, Katrap,  
Badlapur East, Maharashtra-421503  
Tel: +91-251-6541208  
Email: [badlapur72@nkgsb-bank.com](mailto:badlapur72@nkgsb-bank.com)  
Website: [www.nkgsb-bank.com](http://www.nkgsb-bank.com)  
Contact Person: Mrs. Vidya Kamath

**Axis Bank Limited**

Bhaskara Survey No. 20 & 26,  
Yog Vaibhav Co-operative Society  
Katrap Road, Badlapur,  
Maharashtra-421503  
Tel.: +91-251-2690917  
Email: [customerservice@axisbank.com](mailto:customerservice@axisbank.com)  
Website: [www.axisbank.com](http://www.axisbank.com)  
Contact Person: Mr. Siddharth Kundapoor

**Statutory Auditors**

**M/s. Desai Saksena & Associates**

Chartered Accountants  
1<sup>st</sup> Floor, Sir P.M. Road, Fort, Mumbai- 400 001.  
Tel: +91-22-66261600  
Email: [contact@dsaca.co.in](mailto:contact@dsaca.co.in)  
Website: [www.dsaca.co.in](http://www.dsaca.co.in)

**Bankers to the Issue and Escrow Collection Banks**

[•]

**Refund Banker to the Issue**

[•]

**Monitoring Agency**

Our Company has appointed [•] as the Monitoring Agency in relation to the Issue, under Regulation 16(1) of the SEBI ICDR Regulations. As required under Regulation 16(2) of the SEBI ICDR Regulations, the Monitoring Agency will monitor the utilisation of the Issue Proceeds and submit its report to our Company on a quarterly basis, till at least 95% of the Issue Proceeds, excluding the amount raised for general corporate purpose, has been utilised. The Board and the management of our Company shall provide its comments on the report of the Monitoring Agency as required under Regulation 16(3) of the SEBI ICDR Regulations and will disseminate the report of the Monitoring Agency on our Company's website [www.omkarchemicals.com](http://www.omkarchemicals.com) and the Stock Exchanges, within 45 days from the end of each calendar quarter as required under Regulation 16(4) of the SEBI ICDR

Regulations. Our Company will also disclose the utilization of the Issue Proceeds, including interim use, under a separate head in our balance sheet along with the relevant details, for all such Issue Proceeds that have not been utilized thereby also indicating investments, if any, of such unutilized Issue Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

### **Credit Rating**

This being a Right Issue of Equity Shares, Credit rating is not required.

### **Appraising Entity**

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any Lead Manager or bank(s) or financial institution or any other independent agency.

### **Experts**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors namely, Desai Saksena & Associates, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 and as an “expert” as defined under section 2(38) of the Companies Act, 2013, in this Draft Letter of Offer in respect of the reports of the Statutory Auditors on the audited financial statements of our Company dated May 14, 2018 and Statement of Special Tax benefits dated May 14, 2018, appearing on page no. 79 and page no. 87 of this Draft Letter of Offer respectively and such consent has not been withdrawn as on the date of this Draft Letter of Offer. In addition, consent from HSM & Associates, Chartered Accountants have been received to include their name as an “expert” in this Draft Letter of Offer in respect of calculation of working capital facilities, utilization of credit facilities from lenders and unsecured loans availed from Promoter/Promoter Group, provided under section titled “Objects of the Issue” beginning on page no. 69 of this Draft Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

### **Statement of inter-se allocation of responsibilities**

Almondz Global Securities Limited is the sole Lead Manager to the Issue and all the responsibilities relating to the co-ordination and other activities in relation to the Issue shall be performed by them.

### **Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount Process is provided at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> . For further details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹200,000 can participate in the Issue only through the ASBA process, subject to them**

**complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.**

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA applications may be submitted at all branches of the SCSBs.

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Investor, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.**

For more details on the ASBA process, please see the details given in CAF and also please see the chapter entitled '*Terms of the Issue*' on page 184 of this Draft Letter of Offer.

#### **Issue Schedule**

ISSUE OPENS ON		[•]
Last Date for request for Split Application Form		[•]
ISSUE CLOSES ON		[•]

The Board may however decide to extend the Issue period, as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date or such other period as may be specified by the SEBI.

#### **Trustees**

This being a Right Issue of Equity Shares, the appointment of trustees is not required.

#### **Underwriting**

Our Company has not entered into any underwriting arrangement with respect to the Issue.

#### **Minimum Subscription**

If our Company does not receive minimum subscription of 90% of the Issue, including subscription of any unsubscribed portion by our Promoter/Promoter Group, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

The outstanding interest free unsecured loan of ₹ 4669.18 lakhs availed from Promoter and members of Promoter Group will be included while calculating minimum subscription and will be treated as promoter's subscription to their rights entitlement/additional subscription in the proposed Rights Issue.

#### **Principal terms of loans and assets charged as security**

For details of our loans and assets charged as securities, please refer to page no. 71 to 73 of this Draft Letter of Offer.

## Capital Structure

The share capital of our Company as on the date of filing of this Draft Letter of Offer with SEBI is as set forth below:

(₹ in lakhs)

Particulars		Aggregate Nominal Value	Aggregate Value at Issue Price
<b>A</b>	<b>Authorized Share Capital</b>		
	6,50,00,000 Equity Shares of ₹ 10/- each	6500.00	
<b>B</b>	<b>Issued, Subscribed and Paid-up Share Capital</b>		
	2,05,78,004 Equity Shares of ₹ 10/- each	2057.80	
<b>C</b>	<b>Present Issue in terms of this Draft Letter of Offer*</b>		
	Upto 4,11,56,008 Equity Shares of ₹ 10/- each	[•]	[•]
<b>D</b>	<b>Paid up Share Capital after the Issue</b>		
	6,17,34,012 Equity Shares of ₹ 10/- each (assuming full subscription and allotment of rights entitlement)	[•]	[•]
<b>E</b>	<b>Securities premium account</b>		
	Before the Issue		4.39**
	After the Issue		[•]

*\$We have approved the increase in authorized share capital from 4,47,00,000 Equity Shares of ₹ 10/- each aggregating to ₹ 4470 lakhs to 6,50,00,000 Equity Shares of ₹ 10/- each aggregating to ₹ 6500 lakhs in our board meeting held on May 18, 2018 and propose to take approval of shareholders through postal ballot*

*\*The Issue has been authorized by a resolution of our Board passed at its meeting held on June 16, 2017 and by Shareholders in their meeting held on September 27, 2017.*

*\*\*Since all assets and liabilities of Unit 5 and Unit 6 have been transferred to Lasa Supergenerics Limited at the same book value, the inter-company balances and investments appearing in the books of our Company stand cancelled.*

### Details of Changes in the Authorized Share Capital of Our Company since incorporation

Date	Increased/ Decreased From (₹ in lakhs)	Increased/ Decreased to (₹ in lakhs)	Particulars
February 24, 2005	-	50.00	Our Company has been incorporated with the Authorised Share Capital of ₹ 50,00,000 divided into 50,000 Equity Shares of ₹ 100/- each



February 23, 2009	50.00	1000.00	Increased from ₹ 50 lakhs divided into 50,000 Equity Shares of ₹ 100/- each to ₹ 1000 lakhs divided into 10,00,000 Equity Shares of ₹ 100/- each
June 12, 2009	1000.00	1500.00	Increased from ₹ 1000 lakhs divided into 10,00,000 Equity Shares of ₹ 100/- each to ₹ 1500 lakhs divided into 15,00,000 Equity Shares of ₹ 100/- each
February 19, 2010	1500.00	2500.00	Increased from ₹ 1500 lakhs divided into 15,00,000 Equity Shares of ₹ 100/- each to ₹ 2500 lakhs divided into 25,00,000 Equity Shares of ₹ 100/- each
May 19, 2010	Sub-Division*		Existing nominal value of ₹ 100/- per Equity Share sub-divided into ₹ 10/- per Equity Share resulting in 2,50,00,000 Equity Shares of ₹ 10/- each
December 24, 2014	2500.00	3500.00	Increased from ₹ 2500 lakhs divided into 2,50,00,000 Equity Shares of ₹ 10/- each to ₹ 3500 lakhs divided into 3,50,00,000 Equity Shares of ₹ 10/- each
May 02, 2017	3500.00	4470.00**	Increased from ₹ 3500 lakhs divided into 3,50,00,000 Equity Shares of ₹ 10/- each to ₹ 4470 lakhs divided into 4,19,50,000 Equity Shares of ₹ 10/- each and 27,50,000 Preference Shares of ₹ 10/- each
September 27, 2017 \$	4470.00	4470.00	Existing Authorised Share Capital of the Company of ₹ 44,70,00,000 divided into 4,19,50,000 Equity shares of ₹ 10/- each and 27,50,000 10% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each be and is hereby reclassified into ₹ 44,70,00,000 divided into 4,47,00,000 Equity shares of ₹ 10/- each
May 18, 2018\$\$	4470.00	6500.00	Increased (proposed) from 4,47,00,000 Equity Shares of ₹ 10/- each to 6,50,00,000 Equity Shares of ₹ 10/- each

\*Our Company, vide resolution passed by the shareholders of our Company at the Extra Ordinary General Meeting (EOGM) held on May 19, 2010, subdivided the face value of Equity Shares from one Equity Share of face value ₹ 100/- per Equity Share to 10 Equity Shares of face value ₹ 10/- per Equity Share.

\*\*Pursuant to the Composite Scheme of Arrangement between Omkar Speciality Chemicals Limited and Lasa Laboratory Private Limited, Urdhwa Chemicals Company Private Limited, Rishichem Research Limited, Desh Chemicals Private Limited, Lasa Supergenerics Limited and their respective Shareholders and Creditors passed by Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated April 13, 2017, the authorised share capital of Lasa Laboratory Private Limited, Urdhwa Chemicals Company Private Limited, Desh Chemicals Private Limited and Rishichem Research

Limited has been transferred to and combined with the authorised share capital of Omkar Speciality Chemicals Limited, the details of which are as under:

		<b>Authorized Share Capital (Pre-Scheme of Arrangement) (₹ in lakhs)</b>	<b>Details of Authorized Share Capital</b>	<b>Authorized Share Capital (Post-Scheme of Arrangement) (₹ in lakhs)</b>
1	Lasa Laboratory Private Limited – Equity	325.00	32,50,000 equity shares of ₹ 10/- each	-
2	Lasa Laboratory Private Limited – Preference	275.00	27,50,000-10% Non-cumulative Redeemable Preference Shares of ₹ 10/- each	-
3	Urdhwa Chemicals Company Private Limited	355.00	3,55,000 equity shares of ₹ 100 each	-
4	Desh Chemicals Private Limited	5.00	5,000 equity shares of ₹ 100 each	-
5	Rishichem Research Limited	10.00	1,00,000 equity shares of ₹ 10 each	-
	<b>TOTAL</b>	<b>970.00</b>		
	Omkar Speciality Chemicals Ltd.	3500.00	3,50,00,000 Equity Shares of ₹ 10 each	4470.00

Detailed disclosure on Composite Scheme of Arrangement has been made on Section titled “Material Developments” appearing on page number 141 of this Draft Letter of Offer.

\$ The existing Authorised Share Capital of the Company of ₹ 4470.00 lakhs (Rupees Forty Four Crores Seventy Lakhs Only) divided into 4,19,50,000 (Four Crores Nineteen Lakhs and Fifty Thousand) Equity shares of ₹ 10/- each and 27,50,000 (Twenty Seven Lakh Fifty thousand) 10% Non-Cumulative Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each be and is hereby reclassified into ₹ 4470.00 lakhs (Rupees Forty Four Crores Seventy Lakhs Only) divided into 4,47,00,000 (Four Crores Forty Seven Lakhs) Equity shares of ₹ 10/- (Rupees Ten Only) each.

\$\$ We have approved the increase in authorized share capital from 4,47,00,000 Equity Shares of ₹ 10/- each aggregating to ₹ 4470 lakhs to 6,50,00,000 Equity Shares of ₹ 10/- each aggregating to ₹ 6500 lakhs in our board meeting held on May 18, 2018 and propose to take approval of shareholders through postal ballot.

## Notes to Capital Structure

### 1. Details of Equity Shares held by Promoter\* and Promoter Group

The details of Equity Shares held by Promoter and Promoter Group as on March 31, 2018 is as under:

Sr. No.	Name of Promoter	Number of Equity Shares held		Equity Shares pledged		Equity Shares encumbered		Equity Shares locked-in		Equity Shares Free	
		Number	%age	Number	%age	Number	%age	Number	%age	Number	%age
1.	Pravin S. Herlekar	35,35,821	17.18	21,15,817	10.28	-	-	-	-	14,20,004	6.9
2.	Rishikesh P. Herlekar	5,17,006	2.51	-	-	-	-	-	-	5,17,006	2.51
3.	Omkar P. Herlekar*	12,55,956	6.10	12,06,200	5.86	-	-	-	-	49,756	0.24
4.	Svaks Biotech India Pvt. Ltd.	3,80,000	1.85	-	-	-	-	-	-	3,80,000	1.85
	<b>Total</b>	<b>56,88,783</b>	<b>27.64</b>	<b>33,22,017</b>	<b>16.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,66,766</b>	<b>11.5</b>

**Note:** Our Company was initially promoted by Mr. Pravin S. Herlekar and Mr. Omkar P. Herlekar (son of Mr. Pravin S. Herlekar). Subsequent to Composite Scheme of Arrangement (details of which are disclosed beginning from page number 141 of this Draft Letter of Offer, Lasa Supergenerics Limited will be controlled, managed and run by Mr. Omkar P. Herlekar and Omkar Speciality Chemicals Limited (Our Company) will be controlled, managed and run by Mr. Pravin S. Herlekar. It was mutually decided between them that both will not classify each other as Promoter or Director in their respective Companies. Accordingly, our Company's main promoter, after approval of reclassification will be Mr. Pravin S. Herlekar. To give effect to the said understanding, Deed of Disassociation was executed on July 22, 2017 between Mr. Pravin S. Herlekar, Mr. Omkar P. Herlekar, Mr. Rishikesh P. Herlekar, Mrs. Anita Herlekar and Svaks Biotech India Private Limited, details of which are disclosed on page number 153 of this Draft Letter of Offer.

The approval of Shareholders was also obtained in the Annual General Meeting held on September 27, 2017 in respect of reclassification of Promoters. An application for the reclassification of Promoters to BSE & NSE was made on April 9, 2018. The approval from Stock Exchanges in this regard is awaited.

*\* Mr. Omkar P. Herlekar will cease to be part of Promoter/Promoter Group consequent to approval of reclassification of Promoter/Promoter Group by the Stock Exchanges and will accordingly appear in the shareholding of "Public" category.*

### 2. Details of Equity Shares acquired by Promoter and Promoter Group in the last one year:

Name of Person	Date of Issue/ acquisition/ transfer	Shares acquired	Price at which acquired (₹)	Reason
Pravin S. Herlekar	December 28, 2017	8,00,000	81.71	Inter-se transfer amongst promoter group
	February 16, 2018	6,35,000	66.54	Inter-se transfer amongst promoter group

3. Our Promoter Mr. Pravin Herlekar and members of Promoter Group have undertaken vide their letters dated May 23, 2018 to (a) subscribe, to the full extent of their Rights Entitlement or subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to any unsubscribed portion (if any) in the Issue, in compliance with Regulation 10(4) of the Takeover Regulations and the applicable law. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) shall be exempt in terms of Regulation 10(4)(b) of the Takeover Regulations subject to fulfilment of conditions mentioned therein and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI(LODR) and shall continue to comply with the minimum public shareholding requirements pursuant to the Issue.
4. Our Company has availed interest free unsecured loan from our Promoter and Promoter Group i.e. from Mr. Pravin S. Herlekar, Mr. Rishikesh P. Herlekar and Svaks Biotech India Private Limited for day to day business requirements at various intervals. These loans have no definitive terms and there are no prepayment penalties for prepayment. The total outstanding unsecured loan from Promoter and Promoter Group as on March 31, 2018 is as under:

<b>Sr. No.</b>	<b>Name of Promoter &amp; Promoter Group entity</b>	<b>(₹ in lakhs)</b>
1	Mr. Pravin S. Herlekar	4406.13
2	Mr. Rishikesh P. Herlekar	214.31
3	Svaks Biotech India Private Limited	48.74
	Total	4669.18

We propose to adjust these unsecured loans to the extent of their rights entitlement or any additional subscription by Promoter/Promoter Group in case of undersubscription. This interest free unsecured loan of Promoters/Promoter Group will be included while calculating minimum subscription and funds to the extent of ₹ 4669.18 lakhs will be treated as promoter's subscription against their rights entitlement/additional subscription in the proposed Rights Issue. Consequently no fresh Issue proceeds would be received by our Company to such an extent.

**5. Shareholding pattern as per the latest filing with the Stock Exchange**

Shareholding pattern of our Company as on 31 March, 2018 is as under:

**Shareholding pattern as per the latest filing with the Stock Exchange**

Shareholding pattern of our Company as on 31 March, 2018 is as under:

**Table I: Summary statement holding of specified securities**

Category	Category of shareholders	No. of shareholders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957)	No. of voting rights held in each class of securities				No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form
							(as a % of (A+B+ C)	No. of voting rights			Total as % of (A+B +C )			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group*	4	5688783	-	-	5688783	27.64	5688783	0	5688783	27.65	0	27.65	-	-	3322017	58.40	5688783
(B)	Public	23166	1488921	-	-	1488921	72.36	1488921	0	1488921	72.36	0	72.36	-	-	-	-	14889211
(C)	Non promoter non public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	23170	20578004	0	0	20578004	100.00	20578004	0	20578004	100.00	0	100.00	0	0.00	3322017	16.14	20577994

\*In the beneficial position received from the depositories as on date, 3,12,500 shares are not reflected in the name of Mr. Omkar P. Herlekar, Promoter of the Company as they are under encumbrance.

**Table II: Statement showing shareholding pattern of the Promoter and Promoter Group**

Category	Category of shareholders	No. of shareholders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957)	rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form	
							(as a % of (A+B+C))	No. of voting rights		Total as % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)		(XIII)		(XIV)
A(1)	Indian																	
(a)	Individuals / HUF	3	5308783	-	-	5308783	25.80	5308783	-	5308783	25.80	-	25.80	-	-	3322017	62.58	5308783
	Pravin S. Herlekar	1	3535821	-	-	3535821	17.18	3535821	-	3535821	17.18	-	17.18	-	-	2115817	59.84	3535821
	Omkar P. Herlekar	1	1255956	-	-	1255956	6.10	1255956	-	1255956	6.10	-	6.10	-	-	1206200	96.04	1255956
	Rishikesh P. Herlekar	1	517006	-	-	517006	2.51	517006	-	517006	2.51	-	2.51	-	-	-	-	517006
(b)	Central Government / State Government (s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	1	380000	-	-	380000	1.85	380000	-	380000	1.85	-	1.85	-	-	-	-	380000
	Svaks Biotech India Private Limited		380000	-	-	380000	1.85	380000	-	380000	1.85	-	1.85	-	-	-	-	380000
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-total A(1)	4	5688783	0	0	5688783	27.65	5688783	0	5688783	27.65	0	27.65	-	-	3322017	58.40	5688783
A(2)	Foreign																	
(a)	Individuals (Non-resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-total A(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total shareholding of Promoter &amp; Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>4</b>	<b>5688783</b>	<b>-</b>	<b>-</b>	<b>5688783</b>	<b>27.65</b>	<b>5688783</b>	<b>-</b>	<b>5688783</b>	<b>27.60</b>	<b>-</b>	<b>27.65</b>	<b>-</b>	<b>-</b>	<b>3322017</b>	<b>58.40</b>	<b>5688783</b>

**Table III: Statement showing shareholding pattern of public shareholder**

Category	Category of share-holders	No. of share-holders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957)	No. of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form
								(as a % of (A+B+C))	No. of voting rights		Total as % of (A+B+C)		No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)		Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)	(XIII)	(XIV)
B1	Institutions																
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Venture Capital Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign portfolio investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Financial Institutions / Banks	3	31051	-	-	31051	0.15	31051	-	31051	0.15	-	0.15	-	-	-	31051
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	National Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Company Limited																	
(h)	Provident Funds/Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total B1	3	31051	-	-	31051	0.15	31051	-	31051	0.15	-	0.15	-	-	-	-	31051
B2	Central Government/ State Government(s) / President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total B2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B3	Non-Institutions																	
	Individual shareholders holding nominal share capital up to ₹ 2 lakhs.	22198	10518184	-	-	10518184	51.11	10518184	-	10518184	51.11	-	51.11	-	-	-	-	10518174
	Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	39	1731321	-	-	1731321	8.41	1731321	-	1731321	8.41	-	8.41	-	-	-	-	1731321
(b)	NBFCs Registered with RBI	2	14300	-	-	14300	0.07	14300	-	14300	0.07	-	0.07	-	-	-	-	14300
(c)	Employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (Holding DRs) (balancing Figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)																	
(i)	Bodies Corporate	282	1562444	-	-	1562444	7.59	1562444	-	1562444	7.59	-	7.59	-	-	-	-	1562444
(ii)	Clearing Member	92	417007	-	-	417007	2.03	417007	-	417007	2.0265	-	2.03	-	-	-	-	417007
(iii)a	NRI (Non Repat.)	112	146019	-	-	146019	0.71	146019	-	146019	0.7096	-	0.71	-	-	-	-	146019
(iii)b	Non Resident Indians (NRI)	406	449456	-	-	449456	2.18	449456	-	449456	2.1842	-	2.18	-	-	-	-	449456
(iii)c	NRI (Repat.)	31	19428	-	-	19428	0.09	19428	-	19428	0.0944	-	0.09	-	-	-	-	19428
(iv)	Trust	1	11	-	-	11	0.0001	11	-	11	0.0001	-	0.0001	-	-	-	-	11
	Sub Total (B)(3)	23163	14858170	-	-	14858170	72.20	14858170	-	14858170	72.2041	-	72.20	-	-	-	-	14858160
	<b>Total public shareholding (B) = (B)(1)+(B)(2)+(B)(3)</b>	<b>23166</b>	<b>14889221</b>	-	-	<b>14889221</b>	<b>72.36</b>	<b>14889221</b>	-	<b>14889221</b>	<b>72.3550</b>	-	<b>72.36</b>	-	-	-	-	<b>14889211</b>



**Table IV: Statement showing shareholding pattern of Non promoter- Non public shareholder**

Category	Category of share-holders	No. of share-holders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957)	No. of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form	
							(as a % of (A+B+C))	No. of voting rights		Total as % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)		(XIII)		(XIV)
C1	Custodian / DR Holder																	
	Name of DR Holder (if any)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C2	Employees benefit trust (under SEBI (Share based employee benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total non promoter non public shareholding (C) = (C)(1) + (C)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**6. Details of shareholders holding more than 1% of the share capital (as on March 31, 2018)**

<b>Sr. No.</b>	<b>Shareholder's Name</b>	<b>Category</b>	<b>No. of Shares</b>	<b>Percentage (%)</b>
a)	Pravin S. Herlekar	Promoters	35,35,821	17.18
b)	Omkar P. Herlekar*	Promoters*	12,55,956	6.10
c)	Rishikesh P. Herlekar	Promoters	5,17,006	2.51
d)	Svaks Biotech India Private Limited	Promoters	3,80,000	1.85
<b>Total</b>			<b>56,88,783</b>	<b>27.64</b>

*\* Mr. Omkar P. Herlekar will cease to be part of Promoter/Promoter Group consequent to approval of reclassification of Promoter/Promoter Group by the Stock Exchanges and will accordingly appear in the shareholding of "Public" category.*

- 7.** The Issue is exempted from the requirements of minimum promoters' contribution and lock-in in accordance with Regulation 34(c) of the ICDR Regulations.
- 8.** The ex-rights price of the Equity Shares as per regulation 10(4)(b)(ii) of the Takeover Regulations is ₹ [●].
- 9.** Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Draft Letter of Offer, which would entitle the holders to acquire further Equity Shares.
- 10.** All the Equity Shares are fully paid-up as on the date of this Draft Letter of Offer and there are no partly paid-up Equity Shares.

## Section IV : Particulars of the Issue

### Objects of the Issue

The Objects of our Issue are:

1. Repayment of existing overdues to lenders and reduction of debt;
2. Adjustment of unsecured loan of promoters;
3. Requirement of additional working capital;
4. Upgradation of existing manufacturing facilities;
5. General Corporate Expenses; and
6. Meeting Issue Expenses

Collectively, referred to herein as the “Objects”

We intend to utilize the gross proceeds raised through the Issue (the “Issue Proceeds”) after deducting the Issue related expenses (“Net Proceeds”) for the abovementioned Objects. The main objects clause of our Memorandum enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through this Issue. The activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum.

### Issue Proceeds

The details of Issue Proceeds are as under:

	Particulars	Estimated amount (₹ in lakhs)
1	Gross Proceeds	[•]
2	Less: Issue related Expenses	[•]
	Net Proceeds	[•]

### Requirement of funds and Utilization of Issue Proceeds

The utilization of Issue Proceeds is as follows:

	Particulars	Estimated amount to be utilized (₹ in lakhs)
1	Repayment of existing overdues of lenders and reduction of debt	4500.00
2	Adjustment of existing unsecured loan of Promoter & Promoter Group	4669.18
3	Requirement of additional working capital	2650.00
4	Upgradation of existing manufacturing facilities	500.00
4	General Corporate Expenses	[•]
5	Issue Expenses	[•]
	TOTAL	[•]

Our funding requirements and the deployment of the Net Proceeds is based on internal management estimates and have not been verified/appraised by the Lead Manager or appraised by any bank, financial institution or any other external agency. These are based on current conditions and needs of our business and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy. We operate in highly competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances or costs in our financial condition, business or strategy. Consequently, our fund requirements may also change. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purpose for which funds are being raised in this Issue. In case of a shortfall in the Net Proceeds, we may explore a range of options including utilizing our internal accruals, and/or seeking additional debt from existing and future lenders. In the event that the estimated utilization out of the Net Proceeds in a fiscal is not completely met, the same shall be utilized in the next Fiscal. For risks relating to our Objects please refer to the Risk factors appearing from page number 15 to 46 of this Draft Letter of Offer.

### **Means of Finance**

The requirements of the Objects detailed above are intended to be funded from the Net Proceeds. Accordingly, our Company confirms that there is no requirement for it to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

### **Schedule of Deployment**

Our Company proposes to deploy the entire Net Proceeds towards the aforesaid objects during fiscal 2019 depending upon various factors including the actual timing of the completion of the Issue and the receipt of the Net Proceeds.

Details of the Objects of the Issue

#### **1. Repayment of existing overdues and reduction of debt**

The total outstanding against the working capital facilities and term loan including cash credit with Bank of Baroda, NKGSB Co-op. Bank Limited and Axis Bank are ₹ 14285.44 lakhs, and ₹ 3790.96 lakhs respectively as on March 30, 2018. There are delays/defaults in interest payment/instalments to lenders. The present outstanding to lenders as on May 21, 2018 is as under:

<b>Name of Lender</b>	<b>Nature of facility</b>	<b>Amount sanctioned / utilized (₹ in lakhs)</b>	<b>Amount outstanding as on May 21, 2018 (₹ in lakhs)</b>	<b>Amount of default (₹ in lakhs)</b>	<b>Delayed period (no. of days)</b>
Bank of	Term Loan	4046.00	3790.95	432.93	51-141

Baroda					days
Bank of Baroda	Cash Credit (Stocks & Debt)	4600.00	10757.82*	5419.95	51-141 days
Bank of Baroda	Letter of Credit	6000.00			
NKGSB Co-operative Bank Ltd.	Working capital	2500.00	2498.69	27.37	Due on March 31, 2018
Axis Bank	Bill discounting	1000.00	1037.75	38.28	21-110 days

\*The outstanding amount of ₹ 10757.82 lakhs includes Cash Credit and Letter of Credit availed from Bank of Baroda.

Subsequently, the account has been classified as non-performing asset by Bank of Baroda with effect from March 30, 2018 and Axis Bank Limited. One of the reasons for such delay/default was losses in the business and severe financial/liquidity crunch after demerger of our businesses. As per the terms of above credit facilities with lenders, our fixed and current assets (including land, building, stocks, book debts, plant & machinery, furniture, fixtures, etc.) are pledged/hypothecated to them and they have their rights to assign/sell all or any of them at their discretion after completion of necessary legal formalities. Bank of Baroda is internally evaluating restructuring plan for our Company in consultation with us.

The following table provides terms of fund and non-fund based facilities, availed from lenders as on March 30, 2018:

Name of Bank	Type of Loan Facility	Sanctioned Amount (₹ in lakhs)	Purpose for which loan was sanctioned	Rate of Interest	Repayment terms and schedule	Outstanding Amount as on March 30, 2018 (₹ in lakhs)	Security
Bank of Baroda	<b>Credit Facilities</b>	17069.00					
	Term Loan Foreign Currency USD 3.727 (equivalent to 2423 Lakh)*	2423.00	To part finance the project cost of setting up new unit at D/27/5, MIDC Lote Parshuram, Ratnagiri	470 bps p.a. over 6 months LIBOR/55 0 bps	28 quarterly installment commencing 01/07/2014	2423.00	<ul style="list-style-type: none"> <li>First exclusive charge on the following fixed assets of the Company <ul style="list-style-type: none"> <li>W-92(A), W-94(A), W-95(A), F-24, B-34, F-9, F-10/1, MIDC, Badlapur (E), Thane,</li> <li>D-27/5, B-15 &amp; B-16, MIDC Lote Parshuram, Khed, Ratnagiri</li> </ul> </li> <li>First charge on plant and machinery of the company.</li> <li>Second charge on entire current assets of the company.</li> <li>Charge on Debt Service Reserve Account (DSRA)</li> </ul>

							<p>to be maintained by the borrower for interest and installments falling due for payment in next three months</p> <ul style="list-style-type: none"> <li>Personal guarantee of Directors viz. Mr. Pravin S. Herlekar, Mr. Omkar P. Herlekar and Mr. Rishikesh P. Herlekar.</li> <li>First pari passu assignment of insurance policies related to fixed and current assets of the company charged to the bank. Bank's name to appear as loss payee in the insurance policies.</li> </ul>
	Corporate Loan	4046.00	Shoring of net working capital	16.55% (6.50% over one year MCLR plus strategic premium plus 0.50% - additional interest as per Corporate loan scheme plus 1% additional interest for rating below BBB)	20 quarterly installments of ₹ 250 lakhs each commencing from 1 year after first disbursement and ending on 31/10/2021	3791.00	<ul style="list-style-type: none"> <li>Extension of charge over securities provided for working capital and ECB loan facility</li> </ul> <p>Note: Common facility for ECB loan and corporate loan</p>
	Cash Credit (Stock & Book Debt)	4600.00	Working capital	16.05% (6.50% over one year MCLR plus strategic premium plus 0.50% - additional interest as per Corporate loan scheme plus 1% additional interest for rating below BBB)	On demand	10785.00	<ul style="list-style-type: none"> <li>Hypothecation of stocks of raw materials, stock in process, finished goods, stocks and spares and book debts (present and future of the Company)</li> </ul>
NKGSB Co-op.	Cash Credit	2500.00		PLR-1.75% i.e.	1 Year from date of	2482.96	Composite Hypothecation of Paid Stock and Book Debts

Bank Limited				13% per annum	disbursement		(net of group debtors and debtors above 90 days)  Collateral: -Non-Agricultural Land bearing No. 9, Hissa No. 2 admeasuring 2800 Sq. Mtrs. at Kharwai owned by Pravin S. Herlekar and Anjali Herlekar; -Pledge of FD of ₹ 300.00 Lakhs; Personal Guarantee of Promoters
Axis Bank Limited	Short term fund requirement (Sales invoice discounting facility)	1000.00	Short term fund requirement	MCLR-6+2.15% i.e., 10.30 %	120 days from date of discounting	1017.48	Pledge of 12.80 Lacs of OSCL shares held by promoters; Personal Guarantee of Promoters

\*this credit facility and assets related to API business (Lasa Supergenerics Limited) located at D-27/5, B-15 & B-16 MIDC, Lote Parshuram, Ratnagiri, Maharashtra yet to be transferred by Bank of Baroda in their books. Lasa Supergenerics Limited has been regularly paying the interest and principal on this facility.

HSM & Associates, Chartered Accountants, 68 Kothari House, L.J. Road, Mahim, Mumbai-400016 have certified vide their certificate dated May 23, 2018 that our Company had utilized the amounts drawn under each of the loan facilities mentioned above for the purpose for which such loan was granted.

Our Company intends to utilize ₹ 4500.00 lakhs of the Net Proceeds towards repayment of existing overdues and reduction of debt of lenders as under:

Sr. No.	Name of Lender	Total Outstanding as on March 30, 2018 (₹ in lakhs)	Repayment out of Net Issue proceeds (₹ in lakhs)
1	Bank of Baroda	14576.00	2500.00
2	NKGSB Cooperative Bank Limited	2482.96	1000.00
3	Axis Bank Limited	1017.48	1000.00*
	TOTAL		4500.00

\*As on March 30, 2018 total outstanding of Axis Bank Limited (including interest) was ₹ 1017.48 lakhs. We intend to repay the entire dues of Axis Bank Limited. The actual amount of payment (including interest) may be finalized on the date of payment. The balance amount over and above ₹ 1000 lakhs, will be adjusted from funds earmarked for general corporate purposes.

This repayment of overdue and reduction of debt will help reduce our financial pressure and assist us in maintaining a favourable debt-equity ratio and enable utilisation of our internal accruals for further investment in business growth. In addition, we believe that since the debt-equity ratio of our Company will improve, it will enable us to raise further resources in future to fund potential business development opportunities and plans to grow and expand our business.

We have applied to our bankers viz. Bank of Baroda, NKGSB Co-op. Bank Limited and

Axis Bank Limited vide our letters dated April 9, 2018 for obtaining non-objection for the present rights issue. The present rights issue will be subject to receipt of banker's approval/consent/no-objection in this regard.

## **2. Adjustment of unsecured loan of Promoter/Promoter Group**

Our Company has availed interest free unsecured loan from our Promoter and Promoter Group i.e. from Mr. Pravin S. Herlekar, Mr. Rishikesh P. Herlekar and Svaks Biotech India Private Limited for day to day business requirements at various intervals. These loans have no definitive terms and there are no prepayment penalties for prepayment. The total outstanding unsecured loan from Promoter and members of our Promoter Group as on March 31, 2018 is as under:

<b>Sr. No.</b>	<b>Name of Promoter and Promoter Group entity</b>	<b>(₹ in lakhs)</b>
1	Mr. Pravin S. Herlekar	4406.13
2	Mr. Rishikesh P. Herlekar	214.31
3	Svaks Biotech India Private Limited	48.74
	<b>Total</b>	<b>4669.18</b>

HSM & Associates, Chartered Accountants, Mumbai have certified *vide* their certificate letter dated May 23, 2018 that our Company had utilized the abovementioned unsecured loan from Promoter and Promoter Group, for the purpose they were availed for. The approval of adjustment of unsecured loan with the rights entitlement was also accorded by the Shareholders in the Annual General Meeting held on September 27, 2017.

An amount of ₹ 4669.18 lakhs, which has already been brought in to the Company, in the nature of unsecured loans, as per the details mentioned above, is proposed to be adjusted against the application money to be received by the Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, from the Promoter and Promoter Group (if any) as well as additional shares to be applied for by the Promoter and Promoter Group (in part or full, as the case may be) in the Issue. Consequently no fresh Issue proceeds would be received by our Company to such an extent.

## **3. Requirement of additional working capital**

Our business is working capital intensive and our Company avails a majority of our working capital in the ordinary course of our business from various lenders. As of March 30, 2018, our Company's outstanding working capital facilities from lenders were ₹ 14285.44 lakhs and unsecured loan outstanding from Promoters were ₹ 4669.18 lakhs. Our Company requires additional working capital for meeting operational expenses to achieve optimum utilization of production capacities.

### *Basis of estimation of working capital requirement*

The details of our Company's composition of net current assets or working capital as at March 31, 2017; March 31, 2018 & March 31, 2019; and source of funding of the same are as set out in the table below

<b>Particulars</b>	<b>2016-2017 (Audited)</b>	<b>2017-2018 (Provisional)</b>	<b>2018-2019 (Estimated)</b>
<b>Current Assets</b>			



Raw Materials	5979.88	243.10	345.31
Work in Progress	1148.52	212.31	270.08
Finished Goods	182.05	104.15	263.44
Other components and spares	1.98	0.00	0.00
Receivables-Export	3,610.00	216.08	325.00
Receivables-Domestic	4,362.68	520.75	1,534.00
Cash And Bank balances	1,057.74	144.37	1,138.78
Loans And Advances	3,677.13	214.43	5.50
Other Current Assets	1,524.32	1,204.63	71.50
<b>Total Current Assets</b>	21,544.30	2,859.82	3,953.61
<b>Less: Current Liabilities</b>			
Creditors	8976.44	1984.46	1213.55
Other Current Liabilities	482.80	269.26	52.94
Short Term Provisions	443.80	0.00	0.00
<b>Total Current Liability</b>	9903.04	2253.72	1266.48
Net working capital requirements	11,641.26	606.11	2,687.13
<b>Funding pattern</b>			
Short term borrowings and Internal accruals	11641.26	606.11	37.13
Net issue proceeds			2650.00

*Assumptions for working capital requirements*

*Holding Levels and justifications for holding period levels*

Holding Levels

<b>Year</b>	<b>2017 (Audited)</b>	<b>2018 (Provisional)</b>	<b>2019 (Estimated)</b>
Particulars	Period (In days)	Period (In days)	Period (In days)
Raw Materials days purchases	87	6	25
Work in Progress days cost of production	16	3	15
Finished Goods days cost of sales	2	1.5	15
Sundry Debtors(domestic) days domestic sales	56	10	90
Sundry Debtors(export) days export sales	201	36	90
Sundry Creditors days purchases	130	50	88

*Justifications for holding period levels*

<b>Particulars</b>	<b>Details</b>
Raw materials days purchase	For FY 2016-17 & 2017-18, days in respect of raw material are computed from the historic audited financial statements (purchase of material). In respect of FY 2019,

	our Company has assumed the lower holding level of 25 days on account of reduction in operation cycle and effective inventory management.
Work-in progress days cost of production	For FY 2016-17 & 2017-18, days in respect of work-in-progress are computed from the historic audited financial statements (cost of production). In respect of FY 2019, our Company has assumed the same holding level of 15 days based on operation cycle and effective inventory management.
Finished goods days cost of sales	For FY 2016-17 & 2017-18, days in respect of finished goods are computed from the historic audited financial statements (cost of sales). In respect of FY 2019, our Company has assumed the optimum level of 15 days considering the ongoing order book in order to service the customers effectively.
Sundry debtors (domestic & export)	For FY 2016-17 & 2017-18, days in respect of sundry debtors are computed from the historic audited financial statements (gross domestic & export sales). In respect of FY 2019, our Company has assumed the holding level of 90 days on account of better credit management policies being adopted by us, ensuring timely recovery of dues.
Sundry creditors	For FY 2016-17 & 2017-18, days in respect of sundry creditors are computed from the historic audited financial statements (purchases). In respect of FY 2019, our Company has assumed the holding level of 88 days on account of reduction in credit period.

The estimated requirement of working capital for FY2019 has been assumed based on restructuring of our product portfolio and their market potential, reduction in operational cycle and efficient utilization of available resources.

*HSM & Associates, Chartered Accountants have vide their certificate dated May 23, 2018 certified the above working capital requirements and its justification.*

#### **4. Upgradation/refurbishment/debottlenecking of existing manufacturing facilities**

Our Company proposes to upgrade/refurbish/debottleck our existing facilities by purchase and installation of process equipments & utilities, quality control instruments, alongwith strengthening of environment control systems to streamline the production and handling activities. Further, we intend to improve our inventory storage facilities keeping in mind the customers' requirements. The estimated cost of this works out at ₹ 500.00 lakhs, details of which are as under:

<b>Particulars</b>	<b>Amount (₹ in Lakhs)</b>
Purchase and installation of process equipments & utilities	400.00
Upgradation of storage facilities	50.00
Upgradation of quality control systems	50.00
<b>Total</b>	<b>500.00</b>

The above estimates are not been appraised by any bank or financial institution and are based on our own management's estimate without taking any quotation from independent source/valuer/vendor(s).

### 5. General Corporate purposes

Our Board, will have flexibility in applying the balance amount, aggregating to ₹ [●], towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds of the Issue, including, meeting our working capital requirements, routine capital expenditure, payment of overdue interest if any, to any lender(s) from the funds earmarked for the said purposes, funding our growth opportunities and strategic initiatives, strengthening of infrastructure/market capabilities, upgradation of existing facilities, investment in future projects, meeting expenses incurred in the ordinary course of business including salaries and wages, administration, marketing and selling expenses, insurance related expenses, repairs and maintenance, and the payment of taxes and duties, and meeting of exigencies which our Company may face in course of business. As on the date of this Draft Letter of Offer, we have not entered into any letter of intent or any other commitment for any joint venture or definitive commitment for any strategic initiatives. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

### 6. Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●]. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses.

The estimated issue expenses are as under:

Particulars	Estimated Expenses ₹ in lacs	% of estimated issue size	% of estimated issue expenses
Fee to Intermediaries (Lead Managers, Registrars, Legal Counsel, audit / chartered accountant, or other service providers, etc.), commission to SCSBs and statutory fees	[●]	[●]	[●]
Advertising, travelling and marketing expenses	[●]	[●]	[●]
Printing, postage and stationery expenses	[●]	[●]	[●]
Miscellaneous and other expenses	[●]	[●]	[●]
Total Estimated Issue expenses	[●]	[●]	[●]

### Interim Use of Funds

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934. Our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any listed

company or for any investment in the equity markets.

**Bridge Loans**

We have not raised any bridge loans which are required to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities including any other short-term instrument like non-convertible debentures, commercial papers etc. pending receipt of the Net Proceeds.

**Monitoring/Utilization of Funds from Issue**

Our Company has appointed [●] as the Monitoring Agency in relation to the Issue, under Regulation 16(1) of the SEBI ICDR Regulations. Further, our Company will, on a quarterly basis, disclose to the Audit Committee and the Board the uses and applications of the Issue Proceeds in accordance with applicable law. Further, on an annual basis, our Company will prepare a statement detailing the funds which have been utilized for purposes other than those stated in the Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until such time that all the Issue Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditors. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company will furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the Issue Proceeds from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee and the Board.

**Variation in the Objects**

Variation in the objects of the Issue, if any, shall be undertaken in accordance with the terms of the Companies Act and the rules framed thereunder.

**Other confirmations**

Except for the part of the Net Proceeds that will be utilized towards the repayment/adjustment of unsecured loans availed by our Company from Promoter/Director and Promoter Group of our Company, namely Mr. Pravin S. Herlekar, Mr. Rishikesh P. Herlekar and Svaks Biotech India Private Limited and payments made in the ordinary course of business, there are no material existing or anticipated transactions and no part of the Net Proceeds will be paid as consideration to the members of our Promoter and Promoter Group, Directors, Group Companies or key management personnel of the Company.

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND  
ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA**

**The Board of Directors**

**Omkar Speciality Chemicals Limited**

B-34, MIDC,  
Badlapur (East), Thane - 421503  
Maharashtra

Dear Sirs,

**Sub: Statement of special tax benefits to Omkar Speciality Chemicals Limited  
and its shareholders under the Indian tax laws.**

We hereby report that the enclosed Annexure prepared by Omkar Speciality Chemicals Limited (the 'Company'), states the special tax benefits available to the Company under the Income-tax Act, 1961 presently in force in India and to the shareholders of the Company under the Income-tax Act, 1961. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and do not cover any general tax benefits available to the Company. Further, the preparation of the enclosed statement and its contents is the responsibility of the Management of the Company. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume

responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

The enclosed annexure is intended solely for your information and for inclusion in the Draft Letter of Offer/Letter of Offer or any other issue related material in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Desai Saksena & Associates**  
**Chartered Accountants**  
FRN: 102358W

Alok K. Saksena  
Partner  
M.No. 035170

Place: Mumbai  
Date: May 14, 2018

**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO  
THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS  
IN INDIA**

Outlined below are the possible Special tax benefits available to the Company and its shareholders under the direct tax laws in force in India. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

**a) Special tax benefits available to the Company**

There are no Special tax benefits available to the Company.

**b) Special tax benefits available to the shareholders of the Company**

There are no Special tax benefits available to the shareholders of the Company arising out of proposed rights issue.

**Notes:**

All the above benefits are as per the current tax laws and any change or amendment in the laws/regulation, which when implemented would impact the same. We have not commented upon the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

## Section VI: Our Management

### Board of Directors

In terms of Article 123 of the Articles of Association of our Company, our Company is required to have not less than three (3) and more than Fifteen (15) Directors. At present, we have eight (8) Directors on our Board out of which four (4) are Independent Directors.

### Our Board

The following table sets forth details regarding our Board of Directors as on the date of filing of this Draft Letter of Offer:

<b>Name, Father's / Husband's Name, Designation, Address, Director Identification Number, Occupation &amp; Nationality</b>	<b>Age (years)</b>	<b>Date of Appointment and Term</b>	<b>Other Directorships/ Interests</b>
<b>Mr. Pravin S. Herlekar</b> (S/o Mr. Shivdas R. Herlekar) <i>Chairman &amp; Managing Director</i>  <i>Address:</i> Sitaram, Ganesh Chowk, Manjarli, Badlapur (W), Thane- 421503 <i>DIN –</i> 00525610 <i>Occupation:</i> Business <i>Nationality:</i> Indian	68	February 24, 2005  Re-appointed as Managing Director w.e.f. April 1, 2015 for a period of 5 years i.e. upto March 31, 2020	<ul style="list-style-type: none"> <li>• Svaks Biotech India Private Limited</li> </ul>
<b>Mr. Rishikesh P. Herlekar</b> (S/o Mr. Pravin S. Herlekar) <i>Wholetime Director</i>  <i>Address:</i> Sitaram, Ganesh Chowk, Manjarli, Badlapur (W), Thane- 421503 <i>DIN –</i> 05240009 <i>Occupation:</i> Business <i>Nationality:</i> Indian	27	July 17, 2015  Re-appointed as Whole-time Director w.e.f. May 20, 2017 for a period of 5 years i.e. upto May 19, 2022	<ul style="list-style-type: none"> <li>• Svaks Biotech India Private Limited</li> <li>• Delicare Lifesciences Private Limited</li> </ul>
<b>Mr. Prakash H. Rao</b> (S/o Mr. Harishanker Rao) <i>Executive Director</i>  <i>Address:</i> C-1, Shiv Basav Nagar, shiv mandir road opp. Kunal Ice-Cream, Ambernath East Thane- 421501 <i>DIN –</i> 07239167 <i>Occupation:</i> Business <i>Nationality:</i> Indian	57	July 17, 2015  Appointed as Executive Director w.e.f. July 17, 2015 for a period of 5 years i.e. upto July 16, 2020	Nil



<b>Dr. Vikas Telvekar</b> (S/o Mr. Narendra Telvekar) <i>Independent Director</i>  Address: 21/836, D. N. Nagar, Andheri (W) Mumbai- 400053 DIN – 03123785 Occupation: Service Nationality: Indian	47	March 25, 2010  Appointed as Independent Director w.e.f. August 09, 2014 for a period of five year i.e. upto August 08, 2019	Nil
<b>Mr. Laxmikant Kabra</b> (S/o Mr. Ramprasad Gulabchand Kabra) Non-Executive & Non-Independent Director  Address: C-1102, Niharika CHS Ltd., Glays Alwares Road, Off. Pokharan Road No-2, Thane(West) Maharashtra- 400610 DIN – 00061346 Occupation: Service Nationality: Indian	49	March 26, 2015  Appointed as Non- Executve and Non Independent Director w.e.f. March 26, 2015 Liable to retire by rotation	<ul style="list-style-type: none"> <li>• Dhanraj Highrise LLP</li> <li>• Plutus Capital Management LLP</li> <li>• Narendra Investments (Delhi) Limited</li> <li>• Amarnath Securities Limited</li> <li>• Astec Crop Care Private Limited</li> <li>• Lake City Traders Private Limited</li> <li>• Lenus Finvest Private Limited</li> <li>• Ornate Finserve Private Limited</li> <li>• Ornate Educare Private Limited</li> </ul>
<b>Mr. Sitendu K. Sharma</b> (S/o Mr. Krishnakumar Omprakash Sharma) <i>Independent Director</i>  Address: Flat No. A - 103, Keshar Upvan CHS, Gawand Baug, 2 <sup>nd</sup> Pokhran Road, Thane, Maharashtra- 400610 DIN – 01956423 Occupation: Service Nationality: Indian	48	July 17, 2015  Appointed as Independent Director w.e.f. May 8, 2015 for a period of 5 years i.e. upto May 7, 2020	<ul style="list-style-type: none"> <li>• Astec Lifesciences Limited</li> </ul>
<b>Mrs. Sanjivani S. Patare</b> (D/o Mr. Rajaram Sahadu Landge) <i>Independent Women Director</i>  Address: Flat No. 16/701, Tulsidham Triveni Co-op Hsg. Soc., Ghodbunder Road, Near Tatwadnyan Vidyapeeth,	56	July 17, 2015  Appointed as Independent Director w.e.f. July 17, 2015 for a period of 5 years i.e. upto July 16, 2020	Nil

Thane Maharashtra - 400607 DIN – 07239170 Occupation: Service Nationality: Indian			
<b>Ms. Bhavana Parmanand Shewakramani</b> (D/o Mr. Parmanand Shewakramani) <i>Independent Women Director</i>  Address: Room No. 5, Sadguru Apartment, Ground floor, Joshi Baug, Kalyan (West), Thane-421301. DIN – 05290563 Occupation: Service Nationality: Indian	30	July 26, 2017  Appointed as Independent Director w.e.f. July 26, 2017 for a period of 5 years i.e. upto July 25, 2022	<ul style="list-style-type: none"> <li>• Megaminds Services Private Limited</li> </ul> <i>Proprietorship</i> B. P. Shewakramani and Associates

#### Relationship between Directors

None of our Directors are related to each other, except for the following:

Name of the Director	Relation
Mr. Pravin S. Herlekar	Father of Mr. Rishikesh P. Herlekar
Mr. Rishikesh P. Herlekar	Son of Mr. Pravin S. Herlekar

#### Brief details of our Directors

##### Mr. Pravin S. Herlekar

Mr. Pravin S. Herlekar, aged 68 years, is the Chairman and Managing Director of our Company. He is one of the Promoters of our Company. He is a Bachelor of Technology in Chemical Engineering from Indian Institute of Technology, Bombay and is a post graduate in Management Studies from Mumbai University. He has an overall experience of 4 decades in the field of Product Development, Marketing and Administration. In the year 1983, he started a proprietary concern in the name of Omkar Chemicals. The firm was engaged in the manufacturing speciality chemicals. In 2005, he promoted our Company in the name of Omkar Speciality Chemicals Private Limited. He is on our Board since incorporation. He has been actively involved in the business of our Company and has played a key role in the growth of our Company with his inputs in strategic planning and business development. Over the years he has been successful in expanding our customer base and directing the Company's growth in a defined manner.

##### Mr. Rishikesh P. Herlekar

Mr. Rishikesh P. Herlekar, aged 27 years, is a Whole Time Director of the Company. He is a B.E. (Chemicals) graduate and pursuing M. Tech in Pharmaceuticals Sciences. He is engaged in Business Development of the Company by Identifying and targeting new areas of business including new products and new customers, expanding exports of Company's products to various geographies in different continents, maintaining

customer relationship. He is also involved in accounting, audit & finance area, coordinating with production, quality production, quality assurance and related regulatory matters. He is having overall experience of around 3 years.

**Mr. Prakash H. Rao**

Mr. Prakash H. Rao, aged around 57 years, is an Executive Director of the Company. He started his carrier in Administration Department in the early 80's and worked with various textile mills and later on became General Manager. He has over 20 years of experience in the field of human resource, administration, public relations and safety. In the year 2005, he was honoured by Director Industrial Safety and Health (DISH) for contribution toward Safety in the Industrial belt. He was also invited to be a member of Rotary Club, wherein, he has played an active role in helping and coordinating with school children for environment, safety and health. He joined our Company as Vice President(Human Resource, Administration and Public Relations) and he played a key role in compliances and coordinating with all the government agencies like MPCB, MIDC, DISH, Labour Department, FDA, environmental audits, PF, ESIC and such other related agencies.

**Dr. Vikas Telvekar**

Dr. Vikas Telvekar, aged 47 years, is an Independent Director of our Company. He holds two bachelors degrees in Science - one for Chemistry and one for Technology from University of Bombay. He has done Master of Science (Technology) and Doctor of Philosophy (Technology) in pharmaceutical and fine chemicals from Institute of Chemical Technology, Mumbai University. He has an overall experience of more than a decade in the areas of pharmaceutical chemistry and research & development. From August 2002 to April 2003 he was working as a group leader in the research & development department of Gharda Chemicals Limited, Mumbai. Since 2003, he is associated with Institute of Chemical Technology, Mumbai University, Department of Pharmaceutical Sciences and Technology as a permanent faculty. Department of Science and Technology (DST), Government of India has awarded the BOYSCAST fellowship. Under this award he has spent 6 months in St. Johns' University, NY, USA to study on design of anti-diabetic agents using glycoprotein receptor (GPR) as a target. In 2013 he was elected as Fellow of Maharashtra Academy of Sciences. He is on our board since March 25, 2010.

**Mr. Laxmikant Kabra**

Mr. Laxmikant Kabra, aged around 49 years, is a Non-Executive and Non-Independent Director of the Company. He is a Chartered Accountant having more than 20 years of experience in the fields of Income Tax, Company Law, Banking, Finance, Statutory Audit, Internal Audit, Concurrent Audit, Special Task Audit, Tax Audit, Bank Audit, Financial Institutions Audit, Designing and developing Internal Control and Check Systems etc. He has been practicing as a Chartered Accountant, in Mumbai, under the firm name M/s Laxmikant Kabra & Co.

**Mr. Sitendu K. Sharma**

Mr. Sitendu K. Sharma, aged 48 years, is an Independent Director of the Company. He is a Chartered Accountant having over 25 years of experience in the area of finance, tax planning, service tax etc. He has been practicing as a Chartered Accountant, in Mumbai, under the firm name M/s Sitendu Sharma & Company.

**Mrs. Sanjivani S. Patare**

Mrs. Sanjivani S. Patare aged around 56 years is an Independent Director of the Company. She is Commerce & law graduate from University of Pune. She is practicing Advocate and legal advisor for last more than 20 years. She has been associated / working as Advocate for certain commercial banks, other co-operative banks and financial institutions.

**Ms. Bhavana Parmanand Shewakramani**

Ms. Bhavana Parmanand Shewakramani aged around 30 years is an Independent Director of the Company. She is a Commerce graduate and fellow member of The Institute of Company Secretaries of India. She is also a Law Graduate from Mumbai University. She is a partner of M/s A. N. Ramani & Co., Practising Company Secretaries, Thane, since 2012. She is also a Director in Megaminds Services Private Limited. She is proprietor of B. P. Shewakramani and Associates and is actively involved in Company Law, FEMA and Secretarial matters.

**Confirmations**

1. None of our Directors are currently, or have been in the past five years, on the board of directors of a listed company whose shares have been or were suspended from being traded on the BSE Limited or the National Stock Exchange of India Limited.
2. None of our Directors are currently or have been on the Board of Directors of a public listed company whose shares have been or were delisted from being traded on any stock exchange.
3. Except Mr. Rishikesh P. Herlekar, who is the son of Mr. Pravin S. Herlekar, none of the Directors are related to each other, as per the provisions of the Companies Act, 2013.
4. None of our Directors or members of our senior management have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.
5. None of our Directors have entered into any service contracts with our Company for providing benefits upon termination of employment. For details of the remuneration of our Managing Director please refer to section titled "Material Developments" appearing on page no. 140 of this Draft Letter of Offer.
6. None of our Directors are or have been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

**SECTION VI –FINANCIAL INFORMATION OF THE COMPANY**

**FINANCIAL STATEMENTS**

**Index**

<b>Sr.No.</b>	<b>Particulars</b>
1.	Limited Reviewed financial information
2.	Audited Financial Statements

**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM FINANCIAL RESULTS**

To Board of Directors of

**Omkar Speciality Chemicals Limited**

1. We have reviewed the accompanying statement of unaudited financial results ("Statement") of **Omkar Speciality Chemicals Limited** ("the Company") for the quarter ended 31<sup>st</sup> December 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations, 2015") read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July 2016. Attention is drawn to the fact that for the corresponding quarter ended 31<sup>st</sup> December 2016, as per Indian Accounting Standards ("Ind AS") the company has made a loss as against profit as per previous generally accepted accounting principles ("GAAP") and the results have been approved by the Company's Board of Directors but have not been subjected to review or audit.
2. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company in their meeting held on 05<sup>th</sup> February 2018. Our responsibility is to issue a report on this Statement, based on our review.
3. 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 Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

#### 4. Basis For Qualified Conclusion:

##### a) **Going Concern Assumption:**

- i. The Company has negative net worth of Rs. 71.71 Crores at 31<sup>st</sup> December 2017. The financial results have been prepared assuming that the company will continue as a going concern. Also the Financial statements do not include any adjustments that might result from the outcome of qualifications as per the succeeding paragraphs.

##### b) **Property Plant and Equipment (PPE):**

- i. The Company has a PPE register, however this register does not contain the details required as per the requirement of CARO, 2016.

##### c) **Inventory:**

- i. The Company has not maintained satisfactory inventory records e.g. for receipt & consumption of raw materials & semi-finished products, production & sale of finished goods inventory.
- ii. The Company is carrying inventory of Rs.34.34 Crores which is damaged and has been sold in January 2018 for Rs.3.43 Crores.
- iii. The Company has lodged a claim on the suppliers for compensation of Rs.30.91 Crores.
- iv. Pending the resolution of claim the inventory is valued at cost (Rs.34.34 Crores) and possible loss of Rs.30.91 Crores has not given effect to in the books of accounts.



- v. To that extent the losses for the quarter ended 31<sup>st</sup> December 2017 are understated and the net worth as at 31<sup>st</sup> December 2017 is overstated.

d) **Trade Receivables:**

i. Trade Receivables:

The Company has not furnished the confirmations of trade receivables. In view of the same, we are unable to comment on the consequential impact, if any, on the accompanying Statement that may arise on settlement of the aforesaid matter.

ii. Trade Payables:

The Company has not furnished the confirmations of trade payables. In view of the same, we are unable to comment on the consequential impact, if any, on the accompanying Statement that may arise on settlement of the aforesaid matter.

e) **Internal Financial Controls over Financial Reporting (ICFR):**

In general, the IFCR in the Company required to be strengthen significantly. Adequate ICFR policies, procedures should be laid down and overall internal controls and operating effectiveness needs to be strengthened. We are unable to ascertain its impact, if any on the financial statements due inadequacy of ICFR.

5. Based on our review conducted as above, except for the effects of the matters described in the Basis for Qualified Conclusion paragraph, impact of which cannot be ascertained, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)





Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. The unaudited financial results for the comparative corresponding quarter ended 31<sup>st</sup> December 2016 included in the financial results, are based on the previously issued results of the Company prepared in accordance with Companies (Accounting Standards) Rule, 2006, reviewed by the predecessor auditors, whose review report dated 14<sup>th</sup> February 2017 expressed an unmodified opinion on those financial results, and has been adjusted by Management for the differences in the accounting principles adopted by the Company on transition to Ind AS.

For **Desai Saksena & Associates**  
Chartered Accountants  
Firm's Registration No: 102358W



**Dr. S.N. Desai**  
Partner  
M.N.32546



Place: Mumbai  
Date: 5<sup>th</sup> February 2018

**OMKAR SPECIALITY CHEMICALS LIMITED**  
Reg office:- B-34, MIDC, Badlapur (East), Thane- 421503  
CIN: L24110MH2005PLC151589

**Statement of Unaudited Financial Result for the Quarter and Nine Months ended December 31, 2017**

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter Ended	Quarter Ended	Quarter Ended	Year to Date	
		31-Dec-17 (Unaudited)	30-Sep-17 (Unaudited)	31-Dec-16 (Unaudited)	31-Dec-17 (Unaudited)	31-Dec-16 (Unaudited)
(I)	Revenue from Operations	2,258.53	5,191.97	8,203.80	16,045.30	25,346.12
(II)	Other income	(10.44)	66.04	290.70	188.78	771.93
(III)	<b>Total Income (I+II)</b>	<b>2,248.09</b>	<b>5,258.01</b>	<b>8,494.50</b>	<b>16,234.08</b>	<b>26,118.05</b>
(IV)	Expenses					
	Cost of materials consumed	1,735.82	5,236.33	4,200.04	12,900.94	14,643.54
	Purchases of Stock-in-Trade	-	-	-	-	-
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	81.18	926.97	1,510.39	981.34	2,712.08
	Employee benefits expense	(18.19)	(33.42)	244.40	190.85	771.99
	Finance costs	598.77	773.04	511.07	1,839.06	1,573.35
	Depreciation and amortization expense	166.61	22.34	285.45	574.27	855.06
	Other expenses	493.49	385.58	1,055.05	1,838.51	3,492.56
	<b>Total expenses (IV)</b>	<b>3,057.68</b>	<b>7,310.84</b>	<b>7,806.41</b>	<b>18,324.97</b>	<b>24,048.58</b>
(V)	<b>Profit/(Loss) before exceptional items and tax (III-IV)</b>	<b>(809.59)</b>	<b>(2,052.83)</b>	<b>688.10</b>	<b>(2,090.89)</b>	<b>2,069.47</b>
(VI)	Exceptional items	-	5,258.55	1,993.45	5,258.55	11,353.64
(VII)	<b>Profit / (Loss) before tax (V) - (VI)</b>	<b>(809.59)</b>	<b>(7,311.38)</b>	<b>(1,305.35)</b>	<b>(7,349.44)</b>	<b>(9,284.17)</b>
(VIII)	Tax expenses					
	(1) Current tax	-	-	229.65	-	489.28
	(2) Deferred tax	(364.60)	(2,065.77)	7.77	(2,424.26)	(735.50)
	(3) Prior period tax Adjustment	120.94	-	-	120.94	-
	(4) MAT credit entitlement/ (utilised)	-	-	-	-	-
(XI)	<b>Profit for the period V- (VII-VIII)</b>	<b>(565.94)</b>	<b>(5,245.61)</b>	<b>(1,542.77)</b>	<b>(5,046.12)</b>	<b>(9,037.95)</b>
(X)	Other Comprehensive Income					
	A (i) Items that will not be reclassified to profit or loss	-	12.12	-	12.12	-
(XI)	<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) (XI+X)</b>	<b>(565.94)</b>	<b>(5,233.49)</b>	<b>(1,542.77)</b>	<b>(5,034.00)</b>	<b>(9,037.95)</b>
(XII)	Paid-up Equity Share Capital	2,057.80	2,057.80	2,057.80	2,057.80	2,057.80
	Face Value (of Rs. 10/- each)	10.00	10.00	10.00	10.00	10.00
(XIII)	Reserve excluding revaluation reserve as per balance sheet of previous accounting year	-	-	-	-	-
(XIII)	Earnings per equity share					
	(1) Basic	(2.75)	(25.49)	(7.50)	(24.52)	(43.92)
	(2) Diluted	(2.75)	(25.49)	(7.50)	(24.52)	(43.92)



Notes :

- 1 The Audit Committee has reviewed this results and the Board of Directors have approved the above results at their meetings held on February 5, 2018. The IND AS Compliant financial results pertaining to the quarter ended 31st December 2016 has not been subjected to limited review or audit. However, the management exercised necessary diligence to ensure that the financial results provide a true and fair view of its affairs for comparison purposes.
- 2 The Company has adopted Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder. The date of transition to Ind AS is 1st April, 2017 and accordingly, these unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" and the other accounting principles generally accepted in India. The impact of transition has been accounted for in the opening reserves and the comparative period figures have been reinstated accordingly.
- 3 There is a possibility that these quarterly financial results may require adjustment before constituting the final Ind AS financial statements as of and for the year ending 31st March, 2018 due to changes in financial reporting requirements arising from new or revised standards or interpretations issued by MCA or changes in the use of one or more optional exemptions from full retrospective application as permitted under Ind AS 101.
- 4 The Company is liable to Goods and Service Tax ('GST') with effect from July 01, 2017. The revenues for the quarter ended December 31, 2017 and quarter ended September 30, 2017 is net of such GST. However, the revenues for the comparative quarter ended December 31, 2016 and year to date revenues for the nine months ended December 31, 2016 are inclusive of excise duty.
- 5 The Company has opted to avail the relaxation provided by SEBI with respect to the requirements for submission of Ind AS compliant financial results for the previous year ended March 31, 2017 and balance sheet as at March 31, 2017. Accordingly, the figures for the financial results for the previous year ended March 31, 2017 and balance sheet as at March 31, 2017 have not been presented. Further, the reserves (including revaluation reserve) as per balance sheet as at March 31, 2017 not being mandatory, have not been presented. The net profit reconciliation for the quarter and nine months ended December 31, 2016 under the previously applicable Generally Accepted Accounting Principles ('previous GAAP') with the total comprehensive income as reported in these financial results under Ind AS are presented below:

Sr. No.	Particulars	(Rs. in Lakhs)	
		Quarter ended 31.12.2016	01.04.2016 to 31.12.2016
1	Net Profit as per previous GAAP (Indian GAAP)		
	Add / (Less) :	595.02	1,872.61
a)	<b>Adjustment of Composite scheme of Arrangement</b>		
1	Diminshion in value of fixed assets transferred to resulting Company.	-	(6,321.38)
b)	<b>Adjustment of Ind AS</b>		
1	Diminishing in values of assets on revaluation	(1,993.45)	(5,032.26)
2	fair valuation of financial liabilities	(71.79)	(144.32)
3	Expected Credit Loss on Trade Receivables	-	(120.83)
4	Provision of Trade Receivables	-	(1.97)
5	Depreciation on revalued Property Plant & Equipment	(1.50)	(129.26)
6	Trade Receivable Written Back	-	0.03
7	Deferred tax	(71.05)	839.43
	<b>Subtotal</b>	<b>(2,137.79)</b>	<b>(10,910.56)</b>
	<b>Net Profit as per IND AS</b>	<b>(1,542.77)</b>	<b>(9,037.95)</b>

- 6 Profit /loss for the six months/three months ended 31.12.2016 are based on the de-merged statement of Profit & Loss.
- 7 Exceptional item of Rs. 52.58 crores represents the cost of research and development which will not fructify any long term benefits or assets. Hence be written of and shown as an exceptional items. This treatment is given in line with fair valuation method adopted in pursuance of adoption of Ind As.
- 8 Excess provision made in earlier period for Graduity and leave encashment has been reversed in quarter ended 30th september 2017 on the basis of Acturial valuation .
- 9 The figures for the previous periods have been re-grouped/re-arranged wherever considered necessary.

Place : Mumbai  
Date : Februaruy 5, 2018



For OMKAR SPECIALITY CHEMICALS LIMITED

**PRAVIN HERLEKAR**  
Chairman & Managing Director  
DIN : 00525610

**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM FINANCIAL RESULTS**

To Board of Directors of

**Omkar Speciality Chemicals Limited**

1. We have reviewed the accompanying statement of unaudited financial results ("Statement") of **Omkar Speciality Chemicals Limited** ("the Company") for the quarter ended 30th September 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations, 2015") read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July 2016. Attention is drawn to the fact that for the corresponding six months ended 30<sup>th</sup> September 2016, as per Indian Accounting Standards ("Ind AS") the company has made a loss as against profit as per previous generally accepted accounting principles ("GAAP") and the results have been approved by the Company's Board of Directors but have not been subjected to review or audit.
2. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company in their meeting held on 05<sup>th</sup> February 2018. Our responsibility is to issue a report on this Statement, based on our review.
3. 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 Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

#### **4. Basis For Qualified Conclusion:**

##### **a) Going Concern Assumption:**

- i. The Company has negative net worth of Rs. 66.05 Crores as at 30<sup>th</sup> September 2017. The financial results have been prepared assuming that the company will continue as a going concern. Also the Financial statements do not include any adjustments that might result from the outcome of qualifications as per the succeeding paragraphs.

##### **b) Property Plant and Equipment (PPE):**

- i. The Company has a PPE register, however this register does not contain the details required as per the requirement of CARO, 2016.

##### **c) Inventory:**

- i. The Company has not maintained satisfactory inventory records e.g. for receipt & consumption of raw materials & semi- finished products, production & sale of finished goods inventory.
- ii. The Company is carrying inventory of Rs.34.34 Crores which is damaged and has been sold in January 2018 for Rs.3.43 Crores.
- iii. The Company has lodged a claim on the suppliers for compensation of Rs.30.91 Crores.



- iv. Pending the resolution of claim the inventory is valued at cost (Rs.34.34 Crores) and possible loss of Rs.30.91 Crores has not given effect to in the books of accounts.
- v. To that extent the losses for the quarter ended 30<sup>th</sup> September 2017 are understated and the net worth as at 30<sup>th</sup> September 2017 is overstated.

d) **Trade Receivables:**

i. Trade Receivables:

The Company has not furnished the confirmations of trade receivables. In view of the same, we are unable to comment on the consequential impact, if any, on the accompanying Statement that may arise on settlement of the aforesaid matter.

ii. Trade Payables:

The Company has not furnished the confirmations of trade payables. In view of the same, we are unable to comment on the consequential impact, if any, on the accompanying Statement that may arise on settlement of the aforesaid matter.

e) **Internal Financial Controls over Financial Reporting (ICFR):**

In general, the IFCR in the Company required to be strengthen significantly. Adequate IFCR policies, procedures should be laid down and overall internal controls and operating effectiveness needs to be strengthened. We are unable to ascertain its impact, if any on the financial statements due inadequacy of IFCR.

5. Based on our review conducted as above, except for the effects of the matters described in the Basis for Qualified Conclusion paragraph, impact of which cannot be ascertained, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued



thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. The unaudited financial results for the comparative corresponding half year ended 30<sup>th</sup> September 2016 included in the financial results, are based on the previously issued results of the Company prepared in accordance with Companies (Accounting Standards) Rule, 2006, reviewed by the predecessor auditors, whose review report dated 14<sup>th</sup> November 2016 expressed an unmodified opinion on those financial results, and has been adjusted by Management for the differences in the accounting principles adopted by the Company on transition to Ind AS.

For **Desai Saksena & Associates**  
Chartered Accountants  
Firm's Registration No: 102358W

  
**Dr.S.N.Desai**  
Partner  
M.N.32546



Place: Mumbai  
Date: 5<sup>th</sup> February 2018

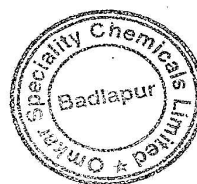


**OMKAR SPECIALITY CHEMICALS LIMITED**  
Reg office:- B-34, MIDC, Badlapur (East), Thane- 421503  
CIN: L24110MH2005PLC151589

**Statement of Unaudited Financial Result for the Quarter and Six Months ended September 30, 2017**

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter Ended 30-Sep-17 (Unaudited)	Half Year Ended 30-Sep-17 (Unaudited)	Half Year Ended 30-Sep-16 (Unaudited)
(I)	Revenue from Operations	5,191.97	13,786.77	17,142.32
(II)	Other income	66.04	199.22	481.22
(III)	<b>Total Income (I+II)</b>	<b>5,258.01</b>	<b>13,985.99</b>	<b>17,623.54</b>
(IV)	Expenses			
	Cost of materials consumed	5,236.33	11,165.11	10,443.50
	Purchases of Stock-in-Trade	-	-	-
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	926.97	900.16	1,201.68
	Employee benefits expense	(33.42)	209.04	527.59
	Finance costs	773.04	1,240.29	1,062.29
	Depreciation and amortization expense	22.34	407.66	569.61
	Other expenses	385.58	1,345.02	2,437.51
	<b>Total expenses (IV)</b>	<b>7,310.84</b>	<b>15,267.28</b>	<b>16,242.18</b>
(V)	<b>Profit/(Loss) before exceptional items and tax (III-IV)</b>	<b>(2,052.83)</b>	<b>(1,281.30)</b>	<b>1,381.36</b>
(VI)	Exceptional items	5,258.55	5,258.55	9,360.19
(VII)	<b>Profit / (Loss) before tax (V) - (VI)</b>	<b>(7,311.38)</b>	<b>(6,539.85)</b>	<b>(7,978.83)</b>
(VIII)	Tax expenses			
	(1) Current tax	-	-	259.63
	(2) Deferred tax	(2,065.77)	(2,059.66)	(743.27)
	(3) Prior period tax Adjustment	-	-	-
	(4) MAT credit entitlement/ (utilised)	-	-	-
(XI)	<b>Profit for the period VI= (VII-VIII)</b>	<b>(5,245.61)</b>	<b>(4,480.19)</b>	<b>(7,495.19)</b>
(X)	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss	12.12	12.12	-
(XI)	<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) (XI+X)</b>	<b>(5,233.49)</b>	<b>(4,468.07)</b>	<b>(7,495.19)</b>
(XII)	Paid-up Equity Share Capital	2,057.80	2,057.80	2,057.80
	Face Value (of Rs. 10/- each)	10.00	10.00	10.00
(XIII)	Reserve excluding revaluation reserve as per balance sheet of previous accounting year	-	-	-
(XIII)	Earnings per equity share			
	(1) Basic	(25.49)	(21.77)	(36.42)
	(2) Diluted	(25.49)	(21.77)	(36.42)





**Notes :**

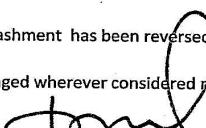
- 1 The Audit Committee has reviewed this results and the Board of Directors have approved the above results at their meetings held on 5th February 2018. The IND AS Compliant financial results pertaining to the half year ended 30th September 2016 has not been subjected to limited review or audit. However, the management exercised necessary diligence to ensure that the financial results provide a true and fair view of its affairs for comparison purposes.
- 2 The Company has adopted Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder. The date of transition to Ind AS is 1st April, 2017 and accordingly, these unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" and the other accounting principles generally accepted in India. The impact of transition has been accounted for in the opening reserves and the comparative period figures have been reinstated accordingly.
- 3 There is a possibility that these quarterly financial results may require adjustment before constituting the final Ind AS financial statements as of and for the year ending 31st March, 2018 due to changes in financial reporting requirements arising from new or revised standards or interpretations issued by MCA or changes in the use of one or more optional exemptions from full retrospective application as permitted under Ind AS 101.
- 4 The Company is liable to Goods and Service Tax ("GST") with effect from July 01, 2017. The revenues for the quarter ended September 30, 2017 is net of such GST. However, the revenues for the quarter ended June 30, 2017, and year to date revenues for the half year ended September 30, 2016 are inclusive of excise duty.
- 5 The Company has opted to avail the relaxation provided by SEBI with respect to the requirements for submission of Ind AS compliant financial results for the previous year ended March 31, 2017 and balance sheet as at March 31, 2017. Accordingly, the figures for the financial results for the previous year ended March 31, 2017 and balance sheet as at March 31, 2017 have not been presented. Further, the reserves (including revaluation reserve) as per balance sheet as at March 31, 2017 not being mandatory, have not been presented. The net profit reconciliation for half year ended September 30, 2016 under the previously applicable Generally Accepted Accounting Principles ('previous GAAP') with the total comprehensive income as reported in these financial results under Ind AS are presented below:

		(Rs. in Lakhs)
Sr. No.	Particulars	Half Year Ended 30-Sep-16
I	Net Profit as per previous GAAP (Indian GAAP) Add / (Less) :	1,277.59
a	<b>Adjustment of Composite scheme of Arrangement</b>	
1	Diminshion in value of fixed assets transferred to resulting Company on A/c of Composite Scheme of arrangement	(6,321.38)
b	<b>Adjustment of Ind AS</b>	
2	Fair valuation of financial liabilities	(72.53)
3	Expected Credit Loss on Trade Recievables	(120.83)
4	Provision of Trade Recievables	(1.97)
5	Diminishing in values of assets on revaluation	(3,038.81)
6	Depreciation on revalued Property Plant & Equipment	(127.76)
7	Trade Recievable Written Back	0.03
8	Deferred tax	910.46
	<b>Subtotal</b>	<b>(8,772.79)</b>
	<b>Net Profit as per IND AS</b>	<b>(7,495.19)</b>

- 6 Profit /loss for the half year ended September 30, 2016 are based on the de-merged statement of Profit & Loss.
- 7 Exceptional item of Rs. 52.58 crores represents the cost of research and development which will not fructify any long term benefits or assets. Hence be written of and shown as an exceptional items. This treatment is given in line with fair valuation method adopted in pursuance of adoption of Ind As.
- 8 The amount for Quarter ended 30th Sept 2017 are the balancing figures between amount for half year ended 30th Sept 2017 and amount for Quarter ended 30th June 2017.
- 9 Excess provision made in earlier period for Graduity and leave encashment has been reversed in quarter ended 30th september 2017 on the basis of Acturial valuation .
- 10 The figures for the previous periods have been re-grouped/re-arranged wherever considered necessary.

Place : Mumbai  
Date : February 5, 2018



  
Pravin S. Herlekar  
(Chairman & Managing Director)  
(DIN 00525610)

**OMKAR SPECIALITY CHEMICALS LIMITED**  
Reg office:- B-34, MIDC, Badlapur (East), Thane- 421503  
CIN: L24110MH2005PLC151589

**STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2017**

		(Rs. in Lakhs)
Sr. No.	Particulars	As at 30-09-2017
<b>I</b>	<b>ASSETS</b>	
	<b>(1) Non-current assets</b>	
	(a) Property, plant and equipment	8,000.71
	(b) Capital work in progress	-
	(c) Investment properties	-
	(c) Other intangible assets	24.25
	(e) Other Intangible assets	-
	(f) Intangible assets under development	-
	(g) Biological Asset other than bearer plants	-
	(h) Non-current financial assets	-
	(i) Non-current investments	2,970.23
	(ii) Trade receivables	-
	(ii) Loans	32.56
	(iv) Other	-
	(i) Deferred tax assets	1,460.12
	(e) Other non current Asset	1,992.39
	<b>Total Non current Assets</b>	<b>14,480.26</b>
	<b>(2) Current assets</b>	
	(a) Inventories	4,322.17
	(b) Financial assets	-
	(i) Investments	-
	(ii) Trade receivables	9,298.00
	(iii) Cash and cash equivalent	0.24
	(iv) Bank balance other than (iii) above	763.97
	(v) Loans	3.56
	(vi) Others	10.87
	(c) Current tax asset (Net)	-
	(c) Other current assets	324.04
	<b>Total Current Assets</b>	<b>14,722.85</b>
	<b>TOTAL ASSETS</b>	<b>29,203.11</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>	
	<b>Equity</b>	
	(a) Equity share capital	2,057.80
	(b) Other equity	(8,662.87)
	<b>Total equity</b>	<b>(6,605.07)</b>
	<b>Liabilities</b>	
	<b>(1) Non-current liabilities</b>	
	(a) Financial liabilities	
	(i) Borrowings	6,297.96
	(b) Provisions	6.72
	(b) Deferred tax liabilities (Net)	-
	(d) Other non-current liabilities	-
	<b>Total Non current liabilities</b>	<b>6,304.68</b>
	<b>(2) Current liabilities</b>	
	(a) Financial liabilities	
	(i) Borrowings	12,961.21
	(ii) Trade payable	15,465.03
	(iii) Other financial liabilities	314.45
	(b) Other current liabilities	63.76
	(d) Current tax liability	699.05
	<b>Total current liabilities</b>	<b>29,503.50</b>
	<b>Total Liabilities</b>	<b>35,808.18</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>29,203.11</b>





**J.P.J. ASSOCIATES**  
CHARTERED ACCOUNTANTS

Shop No. 16, Godavari CHS., Shantivan,  
Borivali (East), Mumbai - 400 066.  
Telefax : 022 - 2897 0736  
E-mail : jpjassociates@rediffmail.com  
jpj@jpjassociates.com

**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS**

TO

THE BOARD OF DIRECTORS,

M/s. Omkar Speciality Chemicals Limited

1. We have reviewed the accompanying Statement of Unaudited Financial Results ('the statement') of **M/s. Omkar Speciality Chemicals Limited** ("the Company") for the quarter ended June, 30, 2017, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). This statement is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review of the Statement 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 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 misstatement.
3. 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.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable Indian Accounting Standards, i.e. IND AS prescribed under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other recognised accounting practices and policies, principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation And Disclosure Requirements) Regulation, 2015 and SEBI circular dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For J.P.J. Associates,

Chartered Accountants

(CA Sandesh Deorukhkar)

Partner, M.No.: 044397

(Firm Reg. No. 113012W)

Place: Mumbai,

Date: 14<sup>th</sup> August, 2017.



**OMKAR SPECIALITY CHEMICALS LIMITED**  
Reg office:- B-34, MIDC, Badlapur (East), Thane- 421503  
CIN: L24110MH2005PLC151589

**STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2017**

(Rupees in Lakhs)

Sr. No.	Particulars	Quarter Ended		Year ended	
		30-Jun-2017 (Unaudited)	31-Mar-2017 (Audit)	30-Jun-2016 (Unaudited)	31-Mar-2017 (Audit)
1	a Revenue From Operations	8,594.80	9,155.53	8,057.25	34,501.67
	b Other Operating Income				
	<b>Total Income (a+b)</b>	<b>8,594.80</b>	<b>9,155.53</b>	<b>8,057.25</b>	<b>34,501.67</b>
2	<b>EXPENSES</b>				
	a Cost of materials consumed	5,928.78	5,008.79	4,434.25	19,652.32
	b Purchases of Stock-in-Trade	-	-	-	-
	c Changes in inventories of finished goods, Stock-in -Trade and work-in-progress and stock -In - Trade	(26.81)	1,275.49	910.43	3,987.57
	d Employee benefits expense	242.46	211.11	258.72	983.11
	e Depreciation and amortization expense	385.32	98.65	202.61	824.45
	f Other expenses	959.44	767.53	1,221.41	4,137.35
	<b>Total expenses</b>	<b>7,489.19</b>	<b>7,361.57</b>	<b>7,027.42</b>	<b>29,584.80</b>
3	Profit/ (Loss) from operations before other income, finance costs & exceptional items (1-2)	1,105.61	1,793.96	1,029.83	4,916.87
4	Other Income	133.18	(547.12)	218.34	224.81
5	<b>Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>1,238.79</b>	<b>1,246.84</b>	<b>1,248.17</b>	<b>5,141.68</b>
6	Finance costs	467.25	514.06	466.16	1,943.09
7	<b>Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5+6)</b>	<b>771.54</b>	<b>732.78</b>	<b>782.01</b>	<b>3,198.59</b>
8	Exceptional items on account of Merger & Demerger	-	6,321.38	-	6,321.38
9	<b>Profit / (loss) before tax (7-8)</b>	<b>771.54</b>	<b>(5,588.60)</b>	<b>782.01</b>	<b>(3,122.79)</b>
10	<b>Tax expense:</b>				
	a - Current Tax	115.28	(536.68)	179.34	9.96
	b - Deferred Tax	0.45	166.78	46.82	109.42
	c - Prior Period Tax Adjustment	5.66	(675.39)	-	(675.40)
	d MAT Credit Entitlement / ( Utilised )	(115.28)	(113.90)	-	(9.96)
11	<b>Net Profit / (Loss) for the period (9-10)</b>	<b>765.43</b>	<b>(4,429.41)</b>	<b>555.85</b>	<b>(2,556.82)</b>
12	Paid - Up Equity Share Capital	2,057.80	2,057.80	2,057.80	2,057.80
13	Face value of Rs. 10 each (Previous year of Rs 10 each)	10.00	10.00	10.00	10.00
	Reserve excluding revaluation reserve as per balance sheet of previous accounting year	-	-	-	6,218.86
14	<b>Earnings Per Share (EPS) (Before Extraordinary items) (of Rs 10/- each ) (Not annualized)</b>				
	(1) Basic	3.72	5.91	2.70	15.01
	(2) Diluted	3.72	5.91	2.70	15.01
	<b>Earnings Per Share (EPS) (After Extraordinary items) (of Rs 10/- each ) (Not annualized)</b>				
	(1) Basic	3.72	(21.52)	2.70	(12.42)
	(2) Diluted	3.72	(21.52)	2.70	(12.42)

**Notes:**

- The above financial results have been approved by the Board of Directors at the Board Meeting held on August 14, 2017 after being reviewed by the Audit Committee of the Directors of the Company. The statutory auditors have expressed an unqualified audit opinion. The full format of the Quarterly Financial Results are available on the website of the Company, [www.omkarchemicals.com](http://www.omkarchemicals.com), Stock Exchanges where the Company's shares are listed [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com).
- The Company is operating as a single segment Company engaged in Sale of Chemicals. All other activities of the Company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard-17 as notified by the Companies (Accounting Standards) Rules, 2006.
- The Company has adopted Indian Accounting Standard (Ind AS) effective from 1st April' 2017 ( Transition date being 1st April' 2016) and accordingly the financial results for the quarter ended 30th June' 2017 have been prepared in accordance with the recognition and measurement principles laid down in Ind AS-34 Interim Financial Reporting prescribed under section 133 of the companies Act'2013, the results for the quarter ended 30th June'2016 are also Ind AS compliant and have not been subject to limited review or audit. However, management has exercised necessary due due diligencies to ensure that financial results provide true and fair view.
- Figures of the previous period have been regrouped or rearranged wherever necessary.

For and on behalf of the Board

*[Signature]*

Pravin S. Herlekar  
(Chairman & Managing Director)  
(DIN 00525610)



Place : Badlapur  
Date : August 14, 2017



**J.P.J. ASSOCIATES**  
CHARTERED ACCOUNTANTS

Shop No. 16, Godavari CHS., Shantivan,  
Borivali (East), Mumbai - 400 066.  
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E-mail : [jpjassociates@rediffmail.com](mailto:jpjassociates@rediffmail.com)  
[jpj@jpjassociates.com](mailto:jpj@jpjassociates.com)

**Independent Auditor's Report**

To the Members of

**OMKAR SPECIALITY CHEMICALS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **OMKAR SPECIALITY CHEMICALS LIMITED** ("**the Company**") which comprise of the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its Statement of Profit and Loss and its Cash Flow for the year ended on that date.



### Emphasis of Matters

We draw attention to the Note no --- of the financial statement for the year ended on March 31, 2017, in respect of the Schemes of Arrangement (Merger) between Omkar Speciality Chemicals Limited and Lasa Laboratory Pvt. Ltd., Urdhwa Chemical Company Pvt. Ltd., Rishichem Research Ltd., Desh Chemicals Pvt. Ltd. and Demerger of API Division to Lasa Supergenerics Ltd. as approved by The Honourable National Company Law Tribunal, Mumbai, the assets and liabilities of Lasa Laboratory Pvt. Ltd., Urdhwa Chemical Company Pvt. Ltd., Rishichem Research Ltd., Desh Chemicals Pvt. Ltd. have been taken over by Omkar Speciality Chemicals Ltd. at their fair market value. If the scheme of arrangement of demerger had not been effected, the Net Worth of the demerged company for the year would have been higher by Rs. 7366.30 lakhs.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.





- e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has a pending litigation by way of winding up petition filed before Hon. High Court, Mumbai by M/s. MIQ Logistics India Pvt. Ltd. for recovery of their outstanding dues amounting to Rs. 30,74,905/-.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

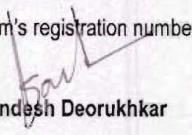
For and on behalf of

**J.P.J Associates,**

*Chartered Accountants*

Firm's registration number:

113012-W

  
**Sandesh Deorukhkar**



*Partner*

Membership number: 044397

Place:

Date :



#### **"Annexure A" to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, *except for certain items of fixed assets and purchases of fixed assets during the year, the quantitative details and the situation of the fixed assets, we were informed, are being updated.*
- (b) A substantial portion of the fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and Nature of Business. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- (ii) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. On the basis of examination of inventory records, in our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt within the books of accounts.
- (iii) The Company has not granted any loan, secured or unsecured, to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not accepted any deposit from the public.
- (v) We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (I) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed records have been maintained. However, we have not made a detailed



examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) According to the records of the Company and as per the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise, value added tax, cess and other statutory dues with appropriate authorities *except* Income Tax liability for the Assessment year 2015-16, for which return was filed with tax payable of Rs. 357.16 lacs. Out of which Rs. 101.28 lacs was paid and total outstanding is Rs. 255.88 lacs and interest liability was due on the same was approximately Rs. 61.41 lacs as on 31<sup>st</sup> March 2017.
- (b) According to the information and explanation given to us and records examined by us, there are no disputed dues of Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess outstanding as on 31<sup>st</sup> March 2016, except following dues raised by the income Tax Department, Sales tax Department which are disputed by the Company:

(Rs. In Lakhs)

Assessment year	Total Demand	Payment Made	Particulars
<b>Income Tax</b>			
2009-10	41.32	29.75	Appellate Tribunal referred back to Assessing officer. The demands referred Here in are Sec 271(1)(c) demands.
2010-11	119.74	139.00	
2011-12	97.50	71.25	
2012-13	28.36	15.00	Appeal is filed at ITAT.
<b>CST</b>			
2010-11	17.42	10.25	Stay granted
2011-12	59.13	4.37	Stay granted





- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or banks or debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) As per the information and explanation given to us, the Company has paid / provided for managerial remuneration as per the provisions of Section 197 of the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

For and on behalf of

**J. P.J. Associates**

*Chartered Accountants*

Firm's registration number: 118012 W

**Sandesh Deorukhkar**

*Partner*

Membership number: 044397

Place:

Date:



**"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of  
Godrej Seeds and Genetics Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the  
Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Godrej Seeds and Genetics Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was





established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over



financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

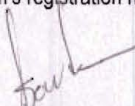
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For and on behalf of

**J. P.J. Associates**

*Chartered Accountants*

Firm's registration number: 113012W



**Sandesh Deorukhkar**

*Partner*

Membership number: 044397

Place:

Date:



**OMKAR SPECIALITY CHEMICALS LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2017**

(Rupees in Lakhs, except for share data)

		As at 31st March, 2017	As at 31st March, 2016
	Note No.	(Audited)	(Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2,057.80	2,057.80
Reserves and surplus	2	6,218.87	16,086.56
		<b>8,276.67</b>	<b>18,144.36</b>
<b>Non Current Liabilities</b>			
Long-Term borrowings	3	12,460.05	7,922.74
Deferred Tax liabilities (Net)	4	720.56	804.16
Long - Term provisions	5	217.18	242.21
		<b>13,397.79</b>	<b>8,969.11</b>
<b>Current Liabilities</b>			
Short-Term borrowings	3	8,261.64	9,548.96
Trade Payables	6	8,976.44	5,051.95
Other Current Liabilities	7	1,595.64	1,589.37
Short-Term Provisions	8	444.63	1,369.63
		<b>19,278.35</b>	<b>17,559.91</b>
<b>TOTAL</b>		<b>40,952.81</b>	<b>44,673.38</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	16,834.85	7,774.63
Intangible Assets	9	12.47	15.18
Capital Work-in-Progress	9	-	11,267.49
Non Current Investments	10	13.90	1,391.46
Long -term Loans and Advances	11	174.96	2,653.31
		<b>17,036.18</b>	<b>23,102.07</b>
<b>Current Assets</b>			
Inventories	12	7,312.43	6,177.66
Trade Receivables	13	10,345.01	10,226.32
Cash and Cash Equivalents	14	1,057.74	663.40
Short-term Loans and Advances	15	5,114.27	4,414.12
Other Current Assets	16	87.18	89.81
		<b>23,916.63</b>	<b>21,571.31</b>
<b>TOTAL</b>		<b>40,952.81</b>	<b>44,673.38</b>

Significant Accounting Policies

Notes on Financial Statements

1 to 29

As per our report of even date

For J.P.J. Associates  
Chartered Accountants  
Firm Registration No. 113012W

Sandesh Deorukhkar  
Partner  
M.No. 044397  
Place : Badlapur  
Date : 20-05-2017



For and on behalf of the Board of Directors

Pravin Herlekar  
(Chairman and Managing Director)

Rishikesh Herlekar  
(Executive Director)

Pravin Agrawal  
(Chief Financial Officer)

Sunny Pagare  
(Company Secretary)





**OMKAR SPECIALITY CHEMICALS LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31ST, 2017**

(Rupees in Lakhs, except for share data)

	Note no.	Year ended 31st March, 2017	Year ended 31st March, 2016
		31st March 2017 (Audited)	31st March 2016 (Audited)
<b>INCOME</b>			
Revenue from Operation including Excise	17	34,501.67	31,906.27
Other Income	18	224.81	875.48
<b>Total Revenue</b>		<b>34,726.48</b>	<b>32,781.75</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	19	19,652.32	16,709.23
Purchase of stock in trade		-	7,342.41
Changes in inventories of Finished Goods, Work in progress and Stock in Trade	20	3,987.57	(1,293.14)
Employee Benefits Expense	21	983.11	1,102.20
Finance Costs	22	1,943.09	1,651.87
Depreciation and Amortization expense	9	824.45	428.34
Other Expenses	23	4,137.35	3,504.40
<b>Total Expenditure</b>		<b>31,527.89</b>	<b>29,445.31</b>
<b>Profit before Exceptional Items &amp; Extraordinary Items and Tax</b>		<b>3,198.59</b>	<b>3,336.44</b>
Exceptional items on account of Merger & Demerger		6,321.38	-
<b>Profit Before tax</b>		<b>(3,122.79)</b>	<b>3,336.44</b>
<b>Tax Expenses</b>			
Previous year adjustments		(675.40)	50.02
Current Tax		9.96	699.33
Deferred Tax		109.42	580.55
Mat Credit Entitlement		(9.96)	(214.85)
<b>Profit for the period</b>		<b>(2,556.82)</b>	<b>2,221.39</b>
<b>Earnings per equity share (Before Exceptional Items) of Rs. 10/- each (Not Annualized)</b>			
Basic		15.01	10.79
Diluted		15.01	10.79
<b>Earnings per equity share (After Exceptional Items) of Rs. 10/- each (Not Annualized)</b>			
Basic		(12.43)	10.79
Diluted		(12.43)	10.79
Face Value of Equity Shares (in Rs.)		10	10

Significant Accounting Policies  
Notes on Financial Statements

1 to 29

As per our report of even date

For J.P.J. Associates  
Chartered Accountants  
Firm Registration No. 113012W



A Sandesh Deorukhkar  
Partner  
M.No. 044397  
Place : Badlapur  
Date : 20-05-2017

For and on behalf of the Board of Directors

*Pravin Herlekar*  
Pravin Herlekar  
(Chairman and Managing Director)

*Rishikesh Herlekar*  
Rishikesh Herlekar  
(Executive Director)

*Pravin Agrawal*  
Pravin Agrawal  
(Chief Financial Officer)

*Sunny Pagare*  
Sunny Pagare  
(Company Secretary)





OMKAR SPECIALITY CHEMICALS LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	(Rupees in Lakhs, except for share data)	
	Year ended 31st March, 2017 (Audited)	Year ended 31st March, 2016 (Audited)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax	(3,122.79)	3,336.44
Adjustments for:		
Depreciation	824.45	428.34
Finance expenses	1,943.09	1,651.87
Provision for Gratuity	25.50	32.85
Provision for CSR Expenses	46.39	50.25
Interest, dividend income	(51.71)	(829.70)
Exceptional items of earlier period	3,170.32	-
Increase/Diminution in value of investment	-	0.03
Unrealized Foreign exchange gain/ loss	94.19	-
<b>Operating Profit before working capital changes</b>	<b>2,929.45</b>	<b>4,670.07</b>
Adjustments for:		
Trade and Other Receivables	(118.69)	(3,416.18)
Short-term Loans and Advances	141.67	(3,709.79)
Other Current Assets	2.63	235.67
Inventories	(1,134.78)	(712.06)
Trade and Other Payables	3,383.61	1,751.44
	<b>2,274.44</b>	<b>(5,850.92)</b>
Taxes Paid	276.27	241.15
<b>Cash Generated from Operations</b>	<b>5,480.15</b>	<b>(939.70)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (refer note 9)	(8,835.76)	(1,920.57)
Purchase of Investments	7.21	11.57
Long-term Loans and Advances	2,478.34	2,732.73
Interest received	51.71	829.70
<b>Net Cash used in Investing Activities</b>	<b>(6,298.52)</b>	<b>1,653.43</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Short term Borrowings	(1,287.32)	(2,520.34)
Proceeds from Long term Borrowings	4,537.31	3,742.45
Interest paid	(1,943.09)	(1,651.87)
Dividend paid (including Dividend distribution tax)	-	(261.13)
<b>Net Cash from Financing Activities</b>	<b>1,306.89</b>	<b>(790.89)</b>
<b>Net increase/(Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>488.53</b>	<b>(77.16)</b>
Cash and Cash equivalents at the beginning of the year	663.40	1,222.84
Exchange difference on translation of foreign currency cash and cash equivalents	(94.19)	-
<b>Cash and Cash equivalents at the end of the year</b>	<b>1,057.74</b>	<b>663.40</b>

**Notes:**

- Figures in brackets indicate outflows.
- Purchase of fixed assets includes payments for items in capital work in progress.
- Cash and Cash equivalents represent Cash and Bank balances.
- Cash and Cash equivalents includes Rs 530.41 lakhs held as Margin money pledged with the bank.  
(Previous year Rs 588.84 lakhs)

As per our report of even date

Fog J.P.J. Associates  
Chartered Accountants  
Firm Registration No. 113012W

A. Suresh Desurukhkar  
Partner  
M.No. 043997  
Place: Badlapur  
Date: 20-05-2017

For and on behalf of the Board of Directors

Pravin Herlekar  
(Chairman and Managing Director)

Rishikesh Herlekar  
(Executive Director)

Pravin Desurukhkar  
(Chief Financial Officer)

Sunny Nagare  
(Company Secretary)



OMKAR SPECIALITY CHEMICALS LIMITED

**SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the provisions of the companies Act, 2013 and the applicable accounting standards. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

**2. USE OF ESTIMATES:**

The preparation of financial statements requires estimates and assumptions that affect the reported amount of Assets and Liabilities on the date of the financial statements and the reported amount of Revenues and Expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the same are known/materialized.

**3. FIXED ASSETS:**

1. Fixed Assets are stated at cost of acquisition or construction ( net of CENVAT/VAT credit availed) less accumulated depreciation/amortization and impairment loss, if any.
2. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
3. Exchanges differences arising on liabilities relating to acquisition of depreciable fixed assets are adjusted to the cost of respective assets and depreciated over the remaining useful life of such assets
4. Effects of changes in Asset position due to Merger/ Demerger are as per Note No " 9"

**4. FOREIGN CURRENCY TRANSACTIONS/TRANSLATION:**

Foreign currency transactions denominated in foreign currencies are recorded at the rate of exchange prevailing on the date of transaction. Exchange differences, if any, arising out of transactions and settled during the quarter are recognized in the profit & loss account.

Monetary items denominated in foreign currency as at the balance sheet date are translated at the closing exchange rate on that date. The Exchange differences, if any, are recognized in the profit & loss account. Non monetary foreign currency items are carried at cost.



The premium in respect of forward exchange contract is amortized over the life of the contract. The net gain or loss on account of any exchange difference, cancellation or renewal of such forward exchange contracts is recognized in the Profit & Loss Account in the reporting period.

#### 5. CASH FLOW STATEMENTS

Cash flows are reported using indirect method, whereby profit/(loss) is adjusted for the effects of the transaction are adjusted with non cash transaction and any difference or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on available information

#### 6. INVENTORIES :

##### 1. Raw Material

The company is valuing Raw material, packing material and stores stock by taking costs of purchase consist of the purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the acquisition. Trade discounts, rebates, duty drawbacks, finance cost and other similar items are deducted in determining value of the stock of Raw materials. In determining the cost the First In First Out (FIFO) method is used.

##### 2. Finished Goods and Work in process

Finished Goods and Work in process are valued at cost or net realizable value, whichever is lower. The cost is determined by reducing from the sales value of inventory the appropriate percentage of gross margin depending on the stage of completion.

#### 7. REVENUE RECOGNITION:

1. Revenue from sale of goods is recognized when the significant risks and rewards in respect of ownership of products are transferred by the company.
2. Revenue from product sale is stated net of returns, sales tax/VAT and applicable trade discounts and allowances.
3. Interest income is recognized on time accrual basis.

#### 8. INVESTMENTS:

1. Investments that are readily realisable and intended to be held for not more than one year from the date of investment are classified as current investments. All other investments are classified as long-term investments.
2. Current investments are carried at the lower of cost and realisable value, determined on an individual investment basis.
3. Long-term investments are carried at cost less any other-than-temporary diminution in value, determined separately in respect of each category of investment.

#### 9. EXPORT BENEFITS:

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.





#### 10. EXCISE DUTY/CUSTOM DUTY:

Excise duty / Customs duty has been accounted on the basis of payments made in respect of goods cleared. Modvat credit on raw materials and capital goods has been accounted for, by reducing the purchase cost of raw materials and capital goods respectively.

#### 11. DEPRECIATION/AMORTIZATION :

##### 1. Intangible Assets :

The intangible assets (Other than computer software) are amortized over a period of 10 years.

##### 2. Tangible Assets :

Depreciation on all fixed assets is provided as per the provisions of Companies Act, 2013 on Written Down Value Method. Depreciation is calculated on pro-rata basis from month of installation till the month of the assets are sold/ disposed off.

Cost of leasehold land is amortized over the period of lease.

#### 12. EMPLOYEE BENEFITS:

##### 1. Short Term Employee Benefits:

All short- term employee benefits such as salaries, wages, bonus, special awards, medical benefits which fall due within twelve months of the period in which the employee renders the related services which entitles him to avail such benefits and non-accumulating compensated absences are recognized on an undiscounted basis charged to the profit and loss account.

##### 2. Provision for Gratuity is made and provided on actuarial valuation basis.

Other retirement benefits are accounted as per company's policy.

#### 13. TAXES ON INCOME

Income Taxes are accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income". Tax expense comprises of Current Tax and Deferred Tax:

1. Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

2. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to Timing Differences, between the taxable income and accounting income, that originate in one period and are capable of reversal in one or more periods. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in the future, however when there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised."

#### 14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:



Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes to Accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

**15. BORROWING COST:**

Borrowing cost attributable to acquisitions and construction of capital goods are capitalized as a part of cost of such assets up to the date when such assets are ready for its intended use and all other borrowing costs are charged to profit & loss Account.

**16. IMPAIRMENT OF ASSETS:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**17. RESEARCH AND DEVELOPMENT COSTS:**

Revenue expenditure on research and development is expensed out under the respective heads of account in the year in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Profit and Loss account as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy.

**18. LOANS AND ADVANCES:**

Loans and advances are stated net of provision for bad and doubtful items if any and recoveries are written back to the profit and loss account when received.

**19. SECURITY PREMIUM ACCOUNT:**

Any expensed incurred for raising of funds from securities are adjusted against security premium account.

**20. CHANGES IN ACCOUNTING POLICIES :**

There are no changes in the accounting policies during the reported period.



## OMKAR SPECIALITY CHEMICALS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

(Rupees in Lakhs, except for share data)

Note No.		As at 31st March, 2017	As at 31st March, 2016
1	SHARE CAPITAL		
	AUTHORISED CAPITAL		
	41950000 Equity Shares of Rs.10/- each.	4,195.00	3,500.00
	2750000 Preference Shares of Rs. 10/- each	275.00	-
	Issues, Subscribed and Paid up:		
	2,05,78,004 Equity Shares of Rs 10/- each, Fully paid Up	2,057.80	2,057.80
	Total	2,057.80	2,057.80

The Movements of Share capital is set out below:

	As at 31st March, 2017		As at 31st March, 2016	
Authorised	No. of Share	Amount	No. of Share	Amount
Authorised Equity Share Capital at the beginning of the Year	35,000,000	3,500.00	35,000,000	3,500.00
Increase in Equity Share Capital During the year	6,950,000	695.00	-	-
Preference Share Capital	2,750,000	275.00	-	-
Authorised Share Capital at the end of the Year	44,700,000	4,470.00	35,000,000	3,500.00
Issued, Subscribed and Paid up capital				
At the beginning of the Year	20,578,004	2,057.80	20,578,004	2,057.80
At the end of the Year	20,578,004	2,057.80	20,578,004	2,057.80

Details of Shareholders holding more than 5% shares in the company

	As at 31st March, 2017		As at 31st March, 2016	
	No. of Share	Amount	No. of Share	Amount
Omkar Pravin Herlekar	5,251,500.00	525.15	884,483.00	88.49
Pravin Herlekar	2,290,821.00	22.90	10258874*	1,025.89
Anjali Herlekar	-	-	1,208,240.00	120.82
SBI Magnum Midcap Fund	-	-	1,463,755.00	146.38
Total	7,542,321.00	548.05	3,556,478.00	1,381.58

Notes: of the above equity shares

- During the Financial Year 2009-2010, 1126600 Equity Shares of Rs 100/- each have been allotted as Bonus Shares by capitalisation of Profits & Security Premium A/c.
- Nominal value of Rs 100/- per Equity Share was sub divided into Rs 10/- per Equity Share, during the Financial Year 2010-11.
- Further, during the Financial Year 2010-2011, 8100004 Equity Shares of Rs. 10/-each were issued at premium of Rs. 88/- each by Public Offer.
- Mr. Pravin S. Herlekar holds 2290821 Equity Shares as on March 31, 2017, out of which 290000 shares are encumbered.
- The Company has issued one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.





Note No.		As at 31st March, 2017	As at 31st March, 2016
2	<b>RESERVE AND SURPLUS</b>		
	Security Premium Account		
	Opening Balance		
	Less: Goodwill / Capital Reserve Accounts	7,370.69	7,370.69
	Closing Balance	7,366.30	-
	General Reserve	4.39	7,370.69
	Opening Balance		
	Add: Transfer from Profit and Loss Account	830.40	830.40
	Closing Balance	-	-
	Profit & Loss Account	830.40	830.40
	Balance as per last Balance Sheet	7,885.49	8,075.61
	Add: Profit for the Year without exceptional items	3,764.56	2,221.39
	Less: Exceptional items due to Merger Demerger	(6,321.38)	-
	Sub Total	5,328.67	8,297.00
	Less: Appropriations		
	Proposed Dividend on Equity Shares (Rs. 1.50 per share) (Previous Year Rs 1.50 per share)		
	Tax Expenses (MAT AY-16-17)	55.41	308.67
	Tax on Dividend	-	-
	Closing Balance	5,384.08	7,885.49
	<b>TOTAL RESERVE AND SURPLUS</b>	6,218.87	16,096.58

Note No.		As at 31st March, 2017				As at 31st March, 2016			
		Long Term	Current maturities of Long-term *	Short Term	Total	Long Term	Current maturities of Long-term *	Short Term	Total
3	<b>BORROWINGS</b>								
	<b>Secured Borrowings</b>								
	(a) Term Loans	-	-	-	-	-	-	-	-
	1) From Banks	3,750.00	1,113.67	-	4,863.67	7,464.44	937.99	-	8,402.43
	2) From Financial Institutions & Others	-	-	-	-	-	-	-	-
	b) Repayable on Demand	-	-	-	-	-	-	-	-
	1) From Banks	-	-	7,097.54	7,097.54	-	-	7,129.66	7,129.66
	2) From Financial Institutions & Others	-	-	-	-	-	-	-	-
	<b>TOTAL SECURED BORROWINGS</b>	3,750.00	1,113.67	7,097.54	11,961.21	7,464.44	937.99	7,129.66	15,532.09
	<b>Unsecured Borrowings</b>								
	(a) Loan from Financial Institutions	6.35	-	-	6.35	458.30	166.70	-	625.00
	(b) Loans from Banks	-	-	1,007.91	1,007.91	-	-	2,392.80	2,392.80
	(c) From Financial Institutions & Others	2,689.55	-	156.19	2,845.73	-	-	17.39	17.39
	(d) Loan from Directors	6,013.95	-	-	6,013.95	-	-	9.11	9.11
	<b>TOTAL UNSECURED BORROWINGS</b>	8,710.05	-	1,164.10	9,874.14	458.30	166.70	2,419.30	3,044.30
	<b>Total</b>	12,460.05	1,113.67	8,261.64	21,835.35	7,922.74	1,104.69	9,548.96	18,576.39

Note:

1) Term loans

a) From Banks were secured by way of hypothecation of stock, spare parts and book debts and first charge on land, building and plant and machinery present and future situated at plot No. F-24, plot No. W-92A, W-93A(W-94A) W-95A plot No. F-9, F-10/1, plot No. B-34, MIDC, Badlapur, Dist: Thane and plot no. D 27/5, Lote Pantharam Industrial Area, Taluka - Khed, Ratnagiri in Maharashtra As per scheme of arrangement sanctioned by NCLT, Mumbai, Unit V situated at plot no. D-27/5, Lote Pantharam Industrial Area is now being transferred and owned by Lasa Supergenetics Ltd.

b) Personal guarantee of the promoter directors of the company

2) Working Capital Loans

a) From Banks were secured by way of hypothecation of stock, spare parts and book debts and first charge on land building and plant and machinery present and future situated at plot No. F-24, plot No. W-92A, W-93A(W-94A) W-95A, plot No. B-34, plot No. F-9, F-10/1, MIDC, Badlapur, Dist: Thane & plot no. D 27/5, Lote Pantharam Industrial Area, Taluka - Khed, Ratnagiri in Maharashtra As per scheme of arrangement sanctioned by NCLT, Mumbai, Unit V situated at plot no. D-27/5, Lote Pantharam Industrial Area is now being transferred and owned by Lasa Supergenetics Ltd.

b) Personal guarantee of the promoter directors of the company

3) Secured Borrowings from banks, repayable on demand.

4) Other loans are repayable on demand.

5) \* Current maturities of long term borrowings are considered in note no. 7- Other Current liabilities

6) Term Loan Repayment Schedule

Repayable within	Term Loan	Total
1 Year	1,113.67	1,113.67
1-2 Years	1,000.00	1,000.00
2-3 Years	1,000.00	1,000.00
After 3 Years	1,750.00	1,750.00
<b>Total</b>	<b>4,863.67</b>	<b>4,863.67</b>



OMKAR SPECIALITY CHEMICALS LTD.  
AUDITED ACCOUNTS FOR FY 2016-17.

(Rupees in Lakhs, except for share data)

Note No.	Particulars	As at 31st March, 2017 (Audited)	As at 31st March, 2016 (Audited)
4	<b>DEFERRED TAX</b>		
	Deferred Tax Assets/Liability		
	Deferred Tax Liabilities:		
	On account of difference between net book value of the capital assets as per books vis-à-vis written down value as per Income Tax Act	2,320.22	2,521.21
	Deferred Tax Assets:		
	On account of gratuity	178.87	153.37
	Other provisions	59.29	44.23
	Net Difference	2,082.06	2,323.61
	Tax Rate in %	34.61	34.61
	Net Deferred Tax (Assets)/Liabilities	720.56	804.16
5	<b>LONG TERM PROVISIONS</b>		
	Provision for Gratuity	178.87	153.37
	Leave Encashment Payable	38.31	25.41
	Other Current Liabilities	-	63.43
	Total	217.18	242.21
6	<b>TRADE PAYABLES</b>		
	Creditors for Goods	8,633.70	4,765.65
	Creditors for Expenses	342.75	286.30
	Total	8,976.45	5,051.95
7	<b>OTHER CURRENT LIABILITIES</b>		
	Current maturities of long-term debt (Refer Note 3)	1,113.67	1,104.69
	Interest accrued but not due on borrowings	36.88	40.40
	Advances received from customers	43.31	67.36
	Unclaimed dividend	1.15	1.15
	Creditors for capital goods	139.06	206.71
	Statutory liabilities	79.93	81.30
	Other Payables	181.64	87.76
	Total	1,595.64	1,589.37
	1)The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures as required under Schedule III of the Companies Act, 2013 relating to amounts unpaid as at the year end together with interest paid/ payable, etc., have not been made.		
	2)The Company has not received the required information from suppliers regarding their status under the Small Scale Industries Act and hence disclosures as required under Schedule III of the Companies Act, 2013 relating to amounts unpaid as at the year end together with interest paid/ payable, etc., have not been made.		





OMKAR SPECIALITY CHEMICALS LTD.  
AUDITED ACCOUNTS FOR FY 2016-17.

(Rupees in Lakhs, except for share data)

(Rupees in Lakhs, except for share data)

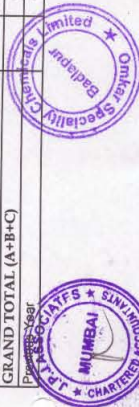
Note		As at 31st March, 2017	As at 31st March, 2016		
		(Audited)	(Audited)		
8	SHORT TERM PROVISIONS				
	Others Provisions				
	Proposed Dividend	0.83	308.67		
	Provision for CSR	139.59	100.00		
	Tax on proposed Dividend	62.84	62.84		
	Provision for Taxation (Net)	241.37	898.12		
	Total	444.63	1,369.63		
10	NON CURRENT INVESTMENTS				
	Investments in subsidiaries (Fully paid up, Trade, Unquoted)	No of Shares	Rupees in Lakhs		
		As at 31st March, 2017	As at 31st March, 2016		
		As at 31st March, 2017	As at 31st March, 2016		
	Rishchem Research Ltd ( Face Value Rs 10/- per share)	-	54,000	-	130.10
	Desh Chemicals Pvt Ltd ( Face Value Rs 100/- per share)	-	4,950	-	71.11
	Saraswat Co-Op Bank Ltd	2,500	10	0.25	-
	Saraswat Co-Op Bank Ltd	2,500	10	0.25	-
	Urdhwa Chemicals Company Pvt Ltd( Face Value Rs 100/- per share)	-	354,440	-	354.44
	Lasa Laboratory Private Limited (Face Value Rs 10/- per share)	-	3,210,000	-	550.12
	Lasa Laboratory Private Limited (Face Value Rs 10/- per share)	-	2,740,000	-	274.00
	Invest in Lasa supergenerics Ltd.( Face Value Rs 10/- per share)	50,000	50,000	5.00	5.00
	Shares in Janta Sahakari Bank Ltd (Schedule Bank)	10	10	0.01	0.01
	Sub total (A)			5.51	1,384.78
	Investment in Mutual Fund (Fully paid up, Non Traded, Quoted)	No of Units			
	Baroda Pioneer Mutual fund ( Face Value Rs 10/- per unit)	100,000	100,000	10.00	10.00
	Less : Diminution in Value of Investment			1.61	3.32
	Sub total (B)			8.39	6.68
	Total (A+B)			13.90	1,391.46
11	LONG TERM LOANS AND ADVANCES (Unsecured, Considered Good)				
	Deposits			26.47	41.93
	Other Loan and Advance			148.49	-
	Loans and Advances				
	Urdhwa Chemicals Co Private Limited			-	1,337.15
	Lasa Laboratory Private Limited			-	1,239.19
	Lasa Supergenerics Ltd			-	35.04
	Total			174.96	2,653.31



**OMKAR SPECIALITY CHEMICALS LIMITED**

NOTE NO. 09- FIXED ASSETS

Description of the Assets	Useful life of assets (Years)	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		Cost as on 01.04.16	Additions during the Year	Deduction/Adjustment during the Year	Cost as on 31.03.17	Upto 01.04.16	Addition For the Year	Adjustment For the Year	Upto 31.03.17	WDV as on 31.03.16
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Tangible Assets</b>										
Leasehold Land	0	1,232.84		1.76	248.22	45.82	4.78		50.61	935.77
Factory Building	30	1,865.22	2,772.90	618.14	4,019.98	496.05	54.88	20.25	530.67	3,489.31
Residential Premises	20	53.17	-	-	53.17	9.56	2.56	-	12.12	41.05
Plant & Machinery (R&D)	10	593.56	36.22	-	629.78	292.77	64.06	-	356.83	272.95
R & D Plant and Machinery (Non 35(2A)(B) Units)	10	902.19	802.26	-	1,704.45	60.25	173.50	-	233.75	1,470.70
Plant & Machinery (Others)	10	423.48	25.04	-	448.52	29.55	23.32	-	52.87	395.65
Plant & Machinery	20	4,844.60	8,969.23	1,912.02	11,831.81	1,557.90	410.48	99.00	1,869.37	9,962.44
Electrical Installation	10	321.37	98.30	54.39	365.29	148.09	31.63	5.75	173.97	191.32
Furniture & Fixture	10	120.65	7.89	4.15	124.39	63.84	9.46	0.43	72.86	51.52
Office Equipments	5	64.42	1.58	0.14	65.86	42.75	16.66	0.03	59.38	6.48
Computer	3	66.69	4.44	1.67	69.45	56.21	10.62	0.77	66.06	3.39
Motor Car and Cycle	5	66.29	17.46	44.82	38.93	32.64	15.08	23.04	24.68	14.24
Assets less than Rs 5,000/-	1	7.13	1.91	-	9.04	7.13	1.91	-	9.04	0.00
<b>Sub total (A)</b>		<b>10,561.61</b>	<b>12,738.99</b>	<b>2,953.55</b>	<b>20,347.06</b>	<b>2,842.56</b>	<b>818.92</b>	<b>149.26</b>	<b>3,512.23</b>	<b>16,834.85</b>
<b>Intangible Assets</b>										
Patent Fees	5	7.38	-	-	7.38	2.46	3.51	-	5.97	1.41
Computer Softwares	1	55.94	2.82	-	58.76	45.67	2.03	-	47.70	11.06
<b>Sub total (B)</b>		<b>63.32</b>	<b>2.82</b>	<b>-</b>	<b>66.14</b>	<b>48.14</b>	<b>5.53</b>	<b>-</b>	<b>53.67</b>	<b>12.47</b>
<b>Capital Work in Progress</b>										
Intangible	10	-	-	-	-	-	-	-	-	-
Tangible		11,267.49	8,835.78	20,103.27	-	-	-	-	-	-
<b>Sub total (C)</b>		<b>11,267.49</b>	<b>8,835.78</b>	<b>20,103.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,267.49</b>
<b>GRAND TOTAL (A+B+C)</b>		<b>21,892.42</b>	<b>21,577.59</b>	<b>23,056.82</b>	<b>20,413.18</b>	<b>2,890.69</b>	<b>824.45</b>	<b>149.26</b>	<b>3,565.89</b>	<b>16,847.32</b>
<b>Previous Year</b>		<b>19,971.79</b>	<b>1,920.57</b>	<b>-</b>	<b>21,892.36</b>	<b>2,462.35</b>	<b>428.34</b>	<b>-</b>	<b>2,890.69</b>	<b>19,057.29</b>
										<b>17,565.05</b>



OMKAR SPECIALITY CHEMICALS LTD.  
AUDITED ACCOUNTS FOR FY 2016-17.

(Rupees in Lakhs, except for share data)

Note No.	Particulars	As at 31st March, 2017	As at 31st March, 2016
12	<b>INVENTORIES</b>		
	Stores and spare parts	1.98	1.12
	Raw materials	5,979.88	858.40
	Work-in-progress	1,148.52	4,893.83
	Finished products	182.05	424.31
	<b>Total</b>	<b>7,312.43</b>	<b>6,177.66</b>
	The value of the closing stock of raw materials, Packing Material, stores, work in process and finished goods has been arrived at on the basis of the records maintained and certified by the Management.		
13	<b>TRADE RECEIVABLES</b>		
	(Unsecured and Considered Good)		
	More than six months	2,372.33	262.55
	Others	7,972.68	9,963.77
	<b>Total</b>	<b>10,345.01</b>	<b>10,226.32</b>
14	<b>CASH AND BANK BALANCES</b>		
	Cash and Cash Equivalents		
	Balance with Banks	447.58	132.08
	Cash on hand	0.97	0.91
	Held as Margin Money	609.19	530.41
	<b>Total</b>	<b>1,057.74</b>	<b>663.40</b>
15	<b>SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
	Other loans & Advance	0.56	1.13
	Advances to suppliers	715.10	389.61
	Deposits	1.90	0.15
	Other Taxes & Duties	1,437.14	1,523.23
	<b>Total</b>	<b>2,154.70</b>	<b>1,914.12</b>
	Loans and Advances		
	Lasa Supergenurics Ltd	2,959.57	-
	Urdhwa Chemicals Co Private Limited	-	2,500.00
	<b>Total</b>	<b>5,114.27</b>	<b>4,414.12</b>
16	<b>OTHER CURRENT ASSETS</b>		
	Prepaid Expenses	29.98	11.38
	Other Current assets	36.10	57.33
	Custom duty Refundable	21.10	21.10
	<b>Total</b>	<b>87.18</b>	<b>89.81</b>





OMKAR SPECIALITY CHEMICALS LTD.  
AUDITED ACCOUNTS FOR FY 2016-17.

(Rupees in Lakhs, except for share data)

Note No	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
		(Audited)	(Audited)
17	REVENUE FROM OPERATION		
	Sale of Products		
	Domestic Sales	27,891.23	26,517.26
	Exports Sales	6,467.85	5,166.08
	Sales (Gross)	34,359.08	31,683.35
	Job work Charges	142.59	222.92
	Net Sales & Services	34,501.67	31,906.27
	Segment Reporting "The Principal business of the company is manufacturing and sale of chemicals. All other activities of the company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard -17 as notified by the Companies (Accounting Standards) Rules, 2006".		
18	OTHER INCOME		
	Interest Income	51.71	829.70
	Duty Drawback	71.18	28.14
	Profit on Sale of Car	0.05	-
	Miscellaneous receipts	7.68	17.64
	Forex Gains	94.19	-
	Total	224.81	875.48
19	COST OF MATERIAL CONSUMED		
	Opening Stock of Raw Materials	858.40	1,436.83
	Add : Purchases	24,773.80	16,130.80
	Less : Closing Stock of Raw Materials	5,979.88	858.40
	Total	19,652.32	16,709.23
20	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
	Opening Inventories :		
	Finished products	424.31	600.98
	Work- in-progress	4,893.83	3,424.02
	Sub Total (A)	5,318.14	4,025.00
	Closing Inventories :		
	Finished products	182.05	424.31
	Work- in-progress	1,148.52	4,893.83
	Sub Total (B)	1,330.57	5,318.14
	Total (A-B)	3,987.57	(1,293.14)



OMKAR SPECIALITY CHEMICALS LTD.  
AUDITED ACCOUNTS FOR FY 2016-17.

(Rupees in Lakhs, except for share data)

Note No	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
		(Audited)	(Audited)
21	EMPLOYEE BENEFITS EXPENSES		
	Salaries, Wages & Other Benefits (Note 1)	945.74	1,048.46
	Contribution to Provident and Other Funds	25.00	27.84
	Workmen and staff welfare expenses	12.37	25.90
	<b>Total</b>	<b>983.11</b>	<b>1,102.20</b>
	Note 1: Salaries, Wages & Other Benefits, recognised as expense for the Year is as under :		
	Salaries and Wages	541.71	507.82
	Directors Remuneration	95.45	279.14
	Bonus, Gratuity and other incentives	39.72	58.50
	Employers Contribution to ESIC & Other Funds	2.65	3.17
	Contract Labour Charges	266.21	199.83
	<b>Total</b>	<b>945.74</b>	<b>1,048.46</b>
22	FINANCE COST		
	Interest Expenses * (Details below)	2,272.70	2,415.50
	Other Borrowing Costs	81.17	88.14
	<b>Gross Total</b>	<b>2,353.87</b>	<b>2,503.64</b>
	Less: Interest Capitalised	410.78	851.77
	<b>Net Total</b>	<b>1,943.09</b>	<b>1,651.87</b>
	*On loans for fixed periods from banks	480.73	459.28
	*On cash credit and other facilities from banks	1,791.97	1,956.22
	<b>Total Interest Expenses</b>	<b>2,272.70</b>	<b>2,415.50</b>
23	OTHER EXPENSES		
	Other Manufacturing Expenses		
	Factory Electricity charge	95.26	127.94
	Water Charges	12.02	17.01
	Packing & Testing Charges	4.27	0.42
	Laboratory Expenses	402.68	254.92
	Consumable Stores	108.17	79.87
	Excise duty	2,827.72	1,904.21
	Processing Charges	93.23	281.06
	Repairs & Maintenance- Building	1.73	6.23
	Repairs & Maintenance - Machinery	23.47	35.41
	Freight Inward	40.54	36.61
	Sundry Factory Expenses	12.02	12.16
	<b>Sub Total (A)</b>	<b>3,621.13</b>	<b>2,755.84</b>



OMKAR SPECIALITY CHEMICALS LTD.  
AUDITED ACCOUNTS FOR FY 2016-17.

(Rupees in Lakhs, except for share data)

Note No	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
		(Audited)	(Audited)
23.1	<b>Administrative, Selling and Distribution Expenses</b>		
	Sales Promotion Expenses	8.18	29.49
	Commission on Sales	38.79	49.31
	Conveyance & Travelling Expenses	6.52	9.06
	Freight & Transportation - Sales	118.66	112.57
	Misc. Expenses	54.67	53.19
	Postage, Telephone/Telegram/Internet Charges	28.80	36.02
	Repairs & Maintenance- Others	11.81	21.79
	Insurance	17.89	42.54
	Printing & Stationery	8.06	9.27
	Professional Charges	146.27	100.66
	Rates & Taxes	23.13	11.81
	Bad Debts W/ off	-	52.93
	Forex Loss	-	161.97
	Payments to Auditors	7.04	7.70
	CSR Expenses	46.39	50.25
	Sub Total (B)	516.22	748.56
	Total (A+B)	4,137.35	3,504.40
23.1	<b>Payment to Auditors</b>		
	a) As Auditor	6.00	6.00
	b) For Taxation Matter	1.00	1.20
	c) For Other Services	0.03	0.49
	Total	7.04	7.70
23.2	<b>Value of Imported Raw material &amp; stores consumed &amp; percentage of consumption</b>		
	<b>Raw Material</b>		
	Imported	5,536.94	844.37
	Percentage	28.17%	5.05%
	Indigenous	14,115.38	15,864.86
	Percentage	71.83%	94.95%
	Total	19,652.32	16,709.23
	Percentage	100%	100%
	<b>Consumables</b>		
	Imported	Nil	Nil
	Percentage	Nil	Nil
	Indigenous	108.17	79.39
	Percentage	100%	100%
	Total	108.17	79.39
	Percentage	100%	100%





OMKAR SPECIALITY CHEMICALS LTD.  
AUDITED ACCOUNTS FOR FY 2016-17.

(Rupees in Lakhs, except for share data if otherwise stated)

Note No	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
23.3	Earnings and Expenditure in foreign currency		
	Earnings In Foreign Exchange		
	Value Of Export (FOB)	6,467.85	5,166.08
	Expenditure In Foreign Currency		
	Purchase Of Materials	5,621.04	870.75
	Other Expenses	-	18.98
	Interest	-	200.86
	Value Of Import On CIF Basis		
	Raw Material	5,621.04	870.75
	Capital Goods	-	
23.4	The Company has incurred the following expenses on research and development activity: ( Eligible for deduction U/S 35(2AB) of Income tax Act, 1961)		
	On Tangible Fixed Assets	16.12	13.02
	On items which have been expensed during the year*	450.16	286.64
	Total	466.28	299.67
	* Includes amount of Rs.Nil Paid to external agency in current year (Previous Year Rs Nil)		
24	Basic and Diluted Earnings per share is calculated as under		
	Profit attributable to Equity shareholder	(2,556.82)	2,221.39
	Weighted average number of Equity shares :		
	Basic	20,578,004	20,578,004
	Diluted	20,578,004	20,578,004
	Earning per share in Rs		
	Basic	(12.42)	10.79
	Diluted	(12.42)	10.79



(Rupees in Lakhs, except for share data if otherwise stated)

Note No	Particulars of Sales and Stock of Finished goods( Manufacturing Goods) :			
	Particulars	Opening Stock	Sales	Closing Stock
		(Rs)	(Rs)	(Rs)
25.1	Iodine Compounds	178.84	17,572.05	108.75
		320.05	8,874.01	178.84
	Selenium Compounds	40.17	3,523.43	17.79
		55.63	2,394.29	40.17
	Intermediates	131.26	2,101.69	39.81
		178.07	2,677.71	131.26
	Others (Molybdenum,Cobalt, Bismuth)	32.03	11,112.27	3.88
		17.64	17,708.89	32.03
	Resolving Agents	42.00	192.23	11.80
		28.59	251.37	42.00
	Total	424.30	34,501.67	182.05
		600.98	31,906.27	424.30
	The Figures In Italics Pertains To Previous Year			

25.2	Particulars of Work in Progress:			
	Particulars	Opening Stock	Closing Stock	
		(Rs)	(Rs)	
	Iodine Compounds	3,190.28	623.18	
		531.00	3,190.28	
	Selenium Compounds	1,442.22	311.14	
		2,041.69	1,442.22	
	Intermediates	199.49	162.20	
		765.41	199.49	
	Others (Molybdenum,Cobalt, Bismuth)	9.29	26.58	
		8.77	9.29	
	Resolving Agents	52.56	25.42	
		77.15	52.56	
	Total	4,893.83	1,148.52	
		3,424.02	4,893.83	
The Figures In Italics Pertains To Previous Year				

25.3 Particulars of purchases, consumption and stock of materials:				
Particulars	Opening Stock	Purchases	Consumption	Closing Stock
	(Rs)	(Rs)	(Rs)	(Rs)
Crude iodine	338.44	2,600.03	2,226.43	712.04
	53.32	2,537.01	2,251.89	338.44
Selenium Metal Powder	17.22	651.36	560.51	108.07
	10.73	532.67	526.18	17.22
Others	502.74	21,522.42	16,865.38	5,159.77
	1,372.78	20,403.53	21,273.57	502.74
Total	858.40	24,773.81	19,652.32	5,979.88
	1,436.83	23,473.21	24,051.64	858.40
The Figures In Italics Pertains To Previous Year				
* above consumptions also includes cost of goods traded				





(Rupees in Lakhs, except for share data if otherwise stated)

Note No  
26

Particulars

Related party Transactions

Party

Relationship

Mr. Pravin.S. Herlekar

Director – Key Management Personnel

Mr. Omkar P. Herlekar

Director – Key Management Personnel

Mr. Rishikesh P. Herlekar

Director – Key Management Personnel

Ms. Anjali P. Herlekar

Director – Key Management Personnel

Mr. Prakash Rao

Director – Key Management Personnel

Svaks Biotech India private Limited

Company owned by Key Management Personnel

Nature of Transaction

Relationship

As at 31st March, 2017

As at 31st March, 2016

Directors Remuneration/Salary

Key Management Personnel

92.76

96.08

Directors Remuneration/Salary

Relative of key management personnel

-

-

Commision to Directors

Key Management Personnel

-

188.36

Management Consultancy Fees

Key Management Personnel

-

-

Dividends

Key Management Personnel

-

198.21

Loan from Directors

Key Management Personnel

Mr. Pravin.S. Herlekar

Opening Balance Payable

-

Received during the Year

5,737.09

Closing Balance Payable

5,737.09

Mr. Rishikesh P. Herlekar

Opening Balance Payable

9.11

Received during the Year

7.75

Closing Balance Payable

16.86

Ms. Anjali P. Herlekar

Opeing Balance Payable

-

Received during the Year

260.00

Closing Balance Payable

260.00

-

Subsidiary

Rishichem Research Limited

Opening Balance Payable

30.78

8.92

Changes due to Demrger

30.78

Job work charges

-

96.79

Reimbursement of expenses

-

-

Closing Balance Payable

-

30.78



Note No	Particulars	As at 31st March, 2017	As at 31st March, 2016
26	es in Lakhs, except for share data if otherwise stated)		
	Particulars		
	Urdhwa Chemicals Company Private Limited		
	Opening Balance Receivable	1,949.12	496.83
	Opening Balance Payable	-	246.76
	Opening Loan Receivable	3,837.15	4320.94
	Change due to Demrger	5,786.27	-
	Purchase of Goods	-	1.15
	Sale of goods	-	253.49
	Job work charges	-	-
	Interest received	-	571.96
	Loan Given during the year	-	1843.44
	Loan Repaid during the year	-	1549.72
	Closing Balance Receivable	-	1949.12
	Closing Balance Payable	-	0.00
	Closing Loan Receivable	-	3837.15
	Lasa Laboratory Private Limited		
	Opening Balance Receivable	759.28	344.99
	Opening Balance Payable	-	114.56
	Opening Loan Receivable	1,239.19	996.29
	Change due to Demrger	1,998.47	-
	Purchase of Goods	-	358.57
	Sale of goods	-	3372.94
	Interest received	-	151.26
	Reimbursement of expenses	-	0.00
	Loan Given during the year	-	415.40
	Loan Repaid during the year	-	-
	Closing Balance Receivable	-	759.28
	Closing Balance Payable	-	0.00
	Closing Loan Receivable	-	1239.19
	Share application money paid	-	-
	Desh Chemicals Private Limited		
	Opening Loan Receivable	63.43	63.43
	Reimbursement of expenses	-	0.19
	Loan Given during the year	-	0.60
	Closing balance Payable	-	63.43



Note No

(Rupees in Lakhs, except for share data)

(Rupees in Lakhs, except for share data )

27	Particulars		As at 31st March, 2017	As at 31st March, 2016												
	Money Received Against Warrants	Number of Warrants/Shares														
	Mr. Pravin S. Herlekar	190,000	-	-												
	Mr. Omkar P. Herlekar	190,000	-	-												
	Mr. Rishikesh P. Herlekar	190,000	-	-												
	Svaks Biotech India Private Limited	380,000	-	-												
		950,000	-	-												
28	<p>During the financial year 2015, the Company has issued &amp; allotted 950,000 Equity Shares of the Company pursuant to conversion of warrants issued on preferential basis, @ Rs. 150/- per warrant,</p> <p><b>CONTINGENT LIABILITIES AND COMMITMENTS :</b></p> <p>i. Contingent Liabilities :</p> <p>Claims against the company not acknowledged as debt : Rs Nil</p> <p>(Previous year : Rs Nil)</p> <p>The company has given guarantee to the bank on behalf of Lasa Supergenerics Ltd (Erst while Urdhwa Chemical Co Pvt Limited and Erst while Lasa Laboratory Private Limited ), of Rs 51.00 crores ( previous year Rs 72.00 crores).</p> <p>Contingent Liability in respect of income tax demands against which company has filed appeals with Income Tax Appellate Tribunal for Assessment Year 2012-13. The total demand ( net of payments ) is Rs 13.36 Lakhs</p> <p>Contingent Liability in respect of sale tax demands against which company has filed appeal / granted stay order for Financial Years 2009-10 The total demand ( net of payments ) is Rs 20.08 Lakhs.</p> <p>ii. Commitments :</p> <table border="1"> <tr> <td>Particulars</td><td>As at 31st March, 2017</td><td>As at 31st March, 2016</td></tr> <tr> <td>Letter of Credit</td><td>5,039.98</td><td>3,851.62</td></tr> <tr> <td>Estimated Amount of Contracts remaining to be executed on capital account</td><td>-</td><td>4.06</td></tr> <tr> <td><b>Total</b></td><td><b>5,039.98</b></td><td><b>3,855.68</b></td></tr> </table>				Particulars	As at 31st March, 2017	As at 31st March, 2016	Letter of Credit	5,039.98	3,851.62	Estimated Amount of Contracts remaining to be executed on capital account	-	4.06	<b>Total</b>	<b>5,039.98</b>	<b>3,855.68</b>
Particulars	As at 31st March, 2017	As at 31st March, 2016														
Letter of Credit	5,039.98	3,851.62														
Estimated Amount of Contracts remaining to be executed on capital account	-	4.06														
<b>Total</b>	<b>5,039.98</b>	<b>3,855.68</b>														
29	<p>We have examined all the contracts, claims and litigations against the Company and have analyzed the likely impact of the same as indicated above. We certify that apart from the contingent liabilities indicated above, the Company does not have any other contingent liabilities.</p> <p>The Previous year figures have been regrouped/rearranged wherever necessary to make it comparable with the current year.</p>															

As per our report of even date

For and on behalf of the Board of Directors

For J.F.J. Associates  
Chartered Accountants  
Firm Registration No. 113012W

Pravin Herlekar  
(Chairman and Managing Director)

Rishikesh Herlekar  
(Executive Director)

CA Sandesh Deorukhkar  
Partner  
M.No. 044397  
Place : Badlapur  
Date : 20-05-2017

Pravin Agrawal  
(Chief Financial Officer)

Sunny Pagare  
(Company Secretary)



## WORKING RESULTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977 and sub-item B of item X of Part E of the SEBI ICDR Regulations, our unaudited working results for the period between the last date of the audited balance sheet and the profit and loss account provided to the shareholders, i.e. for fiscal 2017, and upto the end of the last but one month preceding the date of this Draft Letter of Offer, i.e. from April 1, 2017 to April 30, 2018, is set out in the table below:

	(₹ in lakhs)
Sales/turnover	20121.46
Other income	312.44
Total income	20433.90
Profit (excluding depreciation and taxes)	(11408.53)
Provision for depreciation	883.99
Provision for taxes	(2500.39)
Net profit	(9792.13)

## ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

### A. Accounting Ratios:

The following table presents the accounting and other ratios from our audited financial statements as at and for the Fiscal 2017 and Fiscal 2016:

#### On a standalone Basis

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Earnings Per Share:		
(a) Basic Earnings Per Share (after extraordinary items) (₹)	(12.43)	10.79
(b) Diluted Earnings Per Share (after extraordinary items) (₹)	(12.43)	10.79
Return on Net Worth (after extraordinary items and excluding revaluation reserves)	(30.89)	12.24
Net Asset Value/Book Value per Equity Share each (after extraordinary items and excluding revaluation reserves) (₹)	40.22	88.17

The ratios have been computed as under:

<b>Basic Earnings Per Share</b>	Net Profit After Tax/Number of Equity Shares
<b>Return on Net Worth (%)</b>	Net Profit after tax/Shareholder's Funds
<b>Net Asset Value Per Share</b>	Shareholder's Funds/Number of Equity Shares (outstanding at the end of the period)

### B. Capitalisation Statement:

The following tables present the capitalisation statement as per the Audited Financial Statements of our Company as regards the pre-Issue numbers

Particulars	Pre Issue (as at March 31, 2017)	Post Issue
<b>Borrowings</b>		
Short- term	8261.64	[•]
Long- term (including current maturities) (A)	12460.05	[•]
<b>Total Borrowings (B)</b>	<b>20721.69</b>	<b>[•]</b>
Share capital	2057.80	[•]
Reserve and surplus	6218.87	[•]
<b>Total Shareholder's fund (C)</b>	<b>8276.67</b>	<b>[•]</b>
<b>Long- term borrowings / equity ratio {(A)/(C)}</b>	<b>1.51</b>	<b>[•]</b>
<b>Total borrowings / equity ratio {(B)/(C)}</b>	<b>2.50</b>	<b>[•]</b>



## STOCK MARKET DATA FOR EQUITY SHARES

The Equity Shares of our Company got listed on BSE and NSE in 2011. The stock market data has been given below for BSE & NSE.

- Year is a Financial Year;
- Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
- In case of two days with the same high / low / closing price, the date with higher volume has been considered.

**The high and low closing prices and associated volumes of securities traded during last 3 years recorded on BSE and NSE are as follows:**

BSE							
Financial Year	High (₹)	Date of high	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the year (₹)
2017-18	205.90	May 09, 2017	1,35,875	27.60	March 13, 2018	63,868	94.50
2016-17	197.70	April 13, 2016	41,163	130.05	November 09, 2016	62,788	165.36
2015-16	249.10	January 13, 2016	1,47,775	138	April 30, 2015	32,774	181.43

(Source: [www.bseindia.com](http://www.bseindia.com))

NSE							
Financial Year	High (₹)	Date of high	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the year (₹)
2017-18	206	May 09, 2017	4,46,160	27.45	March 13, 2018	4,14,802	94.47
2016-17	197.70	April 13,	1,80,220	121.15	November 09, 2016	2,49,548	165.28

		2016					
2015-16	249.90	January 13, 2016	4,42,887	138.35	May 05, 2015	1,54,521	181.38

(Source: [www.nseindia.com](http://www.nseindia.com))

**The high and low price, and associated volume of securities traded during the last 6 months on BSE and NSE are as follows:**

BSE							
Month	High (₹)	Date of High	Volume on the date of High (No. of equity shares)	Low (₹)	Date of low	Volume on the date of Low (No. of equity shares)	Average Price for the month (₹)
April, 2018	37.85	April 04, 2018	31,999	18.90	April 30, 2018	32,412	29.40
March, 2018	39.80	March 22, 2018	39,534	27.60	March 13, 2018	63,868	33.98
February, 2018	75.80	February 1, 2018	22,279	35.30	February 19, 2018	1,34,112	45.67
January, 2018	82.05	January 29, 2018	2,22,516	68	January 19, 2018	29,179	74.30
December, 2017	78.90	December 11, 2017	15,741	71.50	December 19, 2017	56,784	74.21
November, 2017	82.75	Nov. 03, 2017	88,790	71.25	Nov. 16, 2017	1,65,90	76.60

(Source: [www.bseindia.com](http://www.bseindia.com))

NSE							
Month	High (₹)	Date of High	Volume on the date of High (No. of equity shares)	Low (₹)	Date of Low	Volume on the date of Low (No. of equity shares)	Average Price for the Month (₹)
April, 2018	38.00	April 05, 2018	71,254	18.90	April 30, 2018	1,28,159	30.06
March, 2018	39.80	March 22, 2018	1,54,582	27.45	March 13, 2018	4,14,802	33.98
February, 2018	74.50	February 1, 2018	1,13,295	35.30	February 19, 2018	6,29,619	45.62
January, 2018	82.00	January 29, 2018	10,03,825	69.75	January 29, 2018	10,03,825	74.30
December, 2017	78.85	December 11, 2017	1,13,569	71.10	December 19, 2018	3,42,335	74.13
November, 2017	82.75	Nov. 03, 2017	3,42,627	72.90	NOV. 16, 2017	104592	76.62

2017		2017			2017		
October, 2017	91.05	Oct. 04, 2017	33,88,818	75.05	Oct. 04, 2017	33,88,818	81.25

(Source: [www.nseindia.com](http://www.nseindia.com))

**Latest Stock Market Data of securities traded on BSE and NSE for the preceding four weeks from the date of filing of this Draft Letter of Offer are as follows:**

For the week ended on	BSE						
	Closing Price (₹)	High (₹)	Date of High	Volume on the date of High (No. of equity shares)	Low (₹)	Date of Low	Volume on the date of Low (No. of equity shares)
May 18, 2018	20.65	23.80	May 14, 2018	61,602	19.95	May 16, 2018	13,081
May 11, 2018	22.70	22.70	May 11, 2018	1,90,862	18.80	May 07, 2018	1,807
May 04, 2018	17.95	19.10	April 30, 2018	32,412	16.25	May 04, 2018	81,750
April 27, 2018	19.85	25.30	April 23, 2018	12,802	19.85	April 27, 2018	11,753

(Source: [www.bseindia.com](http://www.bseindia.com))

For the week ended on	NSE						
	Closing Price (₹)	High (₹)	Date of High	Volume on the date of High (No. of equity shares)	Low (₹)	Date of Low	Volume on the date of High (No. of equity shares)
May 18, 2018	20.35	23.80	May 14, 2018	1,76,658	19.95	May 16, 2018	54,447
May 11, 2018	22.70	22.70	May 11, 2018	3,17,230	18.80	May 07, 2018	1,09,605
May 04, 2018	17.95	19.80	April 30, 2018	1,28,159	16.25	May 04, 2018	3,15,692
April 27, 2018	19.85	24.25	April 23, 2018	26,809	19.85	April 27, 2018	23,941

(Source: [www.nseindia.com](http://www.nseindia.com))



The closing market price of the Equity Shares of our Company as on May 22, 2018 i.e. one day prior to the date of this Draft Letter of Offer was ₹ 18.70 on the BSE and 18.60 on the NSE.

The Board of Directors of our Company has approved the Issue at their meeting held on June 16, 2017. The high and low prices of our Company's shares as quoted on the BSE were ₹ 86.95 and ₹ 82.85 respectively and on the NSE were ₹ 86.00 and ₹ 82.65 respectively on June 19, 2017, the day on which the trading happened immediately following the date of the Board Meeting. The market capitalization at abovementioned high price on BSE was ₹ 17892.57 lakhs and at low price was ₹ 17048.88 lakhs respectively and on NSE was ₹ 17697.08 lakhs and at low price was ₹ 17007.72 lakhs respectively as on June 19, 2017.

## **MATERIAL DEVELOPMENTS**

Except as disclosed herein below, there are no material developments since March 31, 2017, which significantly affect the operations, performance, prospects or financial condition of our Company.

1. The Shareholders approved the following matters, by way of a special resolution, at their Annual General Meeting held on September 27, 2017:

Mr. Rishikesh P. Herlekar has been re-designated as the Whole Time Director of the Company from his previous position of Executive Director w.e.f. May 20, 2017, for a period of five years.

The material terms and conditions of his appointment/remuneration are as follows:

- 1) Salary per month: ₹ 1.50 lakhs
- 2) Commission: Payable at such intervals as may be decided by the Board of Directors;
- 3) Medical reimbursement: Reimbursement of actual expenses for self and family and/or allowance will be paid as decided by the Board of Directors from time to time;
- 4) Leave Travel Allowance: For self and family once in a year, as decided by the Board from time to time;
- 5) Other benefits – as per the rules of the Company:
  - a. Personal accident insurance
  - b. Earned/Privileged Leave
  - c. Gratuity
  - d. Leave Encashment
  - e. Company car and telephone (including mobile)

6) Period of appointment: Five years beginning from May 20, 2017 ending on May 19, 2022;

7) The appointment may be terminated by either party by giving three months' notice in writing of such termination or as may be mutually agreed between the parties;

8) Mr. Rishikesh P. Herlekar shall perform such duties as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board of Directors;

9) Overall Remuneration:

The aggregate of salary, bonus, other allowances/perquisites and commission in any financial year shall not exceed 5% of prescribed from time to time under provisions of Section 196, 197 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as may for the time being in force.

10) Minimum Remuneration:

Notwithstanding anything herein above stated, where in any financial year closing on or after March 31, 2017, during the tenure of Mr. Rishikesh P. Herlekar as Whole-Time Director of the Company, the Company incurs any loss or its profits are inadequate in any financial year, the Company shall pay to Mr. Rishikesh P. Herlekar the above remuneration by way of Basic salary, perquisites and other allowances as a minimum remuneration but not exceeding the limits specified under Section II of Part

II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

## **2. Composite Scheme of Arrangement (Material Clauses of the Scheme/Arrangement)**

Composite Scheme of Arrangement between Omkar Speciality Chemicals Limited; Lasa Laboratory Private Limited; Urdhwa Chemicals Company Private Limited; Rishichem Research Limited; Desh Chemicals Private Limited; Lasa Supergenerics Limited and their respective shareholders and creditors (under section 391 to 394 read with applicable provisions of the Companies Act, 1956 (to the extent applicable, provisions of the companies act, 2013).

This Composite Scheme of Arrangement provides for:

- a) the merger of Lasa Laboratory Private Limited and Urdhwa Chemicals Company Private Limited and Rishichem Research Limited and Desh Chemicals Private Limited with Omkar Speciality Chemicals Limited; and
- b) the demerger of the Veterinary API Undertaking of Omkar Speciality Chemicals Limited into Lasa Supergenerics Limited

*under the provisions of the Companies Act, 1956, pursuant to Sections 391 to 394 and other applicable provisions, if any, of the Companies Act 1956 (to the extent applicable provisions of the Companies Act, 2013).*

### **Description of Companies:**

- A) **Omkar Speciality Chemicals Limited:** Omkar Speciality Chemicals Limited ("OSCL") is a listed company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at B-34, M.I.D.C., Badlapur (East), Thane - 421503. OSCL was originally constituted as a Private Limited company on 24/02/2005 and was subsequently converted on 18/03/2010 as a Public Limited Company. OSCL was formed with the main object:

*To carry on the business of manufacturing, processing; formulating, producing, refining, fermenting, converting, distilling, purifying, blending, buying, importing, stocking, supplying, selling, distributing, trading, exporting and dealing in all kinds and varieties of chemicals of various specifications, purities, nature including speciality chemicals, organic and inorganic chemicals and compounds thereof, bio-chemicals, petro-chemicals, insecticides, cleaning chemicals, chemical compounds, laboratory chemicals, scientific chemicals, agricultural chemicals, preservative chemicals, industrial chemicals, heavy chemicals, pharmaceutical chemicals, fine chemicals, photographic chemicals, water purification chemicals and all or any of the by-product resulted there from, whether used presently or to be invented in future, for industrial, medical,*

*pharmaceutical, agricultural, domestic, household, waste treatment purposes.*

OSCL is engaged in the business of manufacture and sale of Specialty Chemicals and Intermediates for Chemical and Allied Industries. The Equity Shares of OSCL are listed on National Stock Exchange of India Limited ('NSE') & BSE Limited ('BSE').

- B) **Lasa Laboratory Private Limited:** Lasa Laboratory Private Limited ("Lasa") is an unlisted company incorporated under the provisions of the Companies Act, 1956 on April 2, 1998 under the name Ubiquitous Drugs And Pharmaceuticals Private Limited and having its Registered Office at F-9, M.I.D.C., Badlapur (East), Thane - 421503. Lasa was formed with the main object:

*To carry on in India and elsewhere the business to manufacture, produce, process, prepare, treat, disinfect, compound, formulate, mix, concentrate, pack, repack, refine, add, remove, pure, preserve, grade, freeze, distillate, boil, sterilize, improve, extract, buy, sell, resale, import, export, barter, transport, store, forward, distribute, dispose, develop, research, discover, manipulate, market, supply or to otherwise deal in all types, descriptions, specification, strength and application of chemicals and their by-products, pharmaceuticals, drugs, intermediates, fine chemicals regents, laboratory grade chemicals, dye stuffs, enzymes, sanitary napkins, derivatives, formulations, compound industrial and other preparations.*

Lasa is engaged in the business of anthelmintics /veterinary API. Lasa is a Wholly Owned Subsidiary of Omkar Speciality Chemicals Limited.

- C) **Urdhwa Chemicals Company Private Limited:** Urdhwa Chemicals Company Private Limited ("Urdhwa") is an unlisted company incorporated under the provisions of the Companies Act, 1956 on August 20, 1986 and having its Registered Office at B-34, M.I.D.C., Badlapur (East), Thane - 421503. Urdhwa was formed with the main object:

*To carry on the business as manufacturers, producers, sellers, importers/exporters and/or Dealers in all classes of Dyes, Dyes Intermediates, Chemicals and auxiliary chemicals for Textile, Rayon, Silk, Wool, Leather and any other Industries or purpose, Speciality Dyes and Chemicals for pesticides, paper, leather, oil, cosmetics, paints or any other industries or purpose and/or the auxiliary materials required for the manufacture of the said products.*

Urdhwa is engaged in the business of anthelmintics /veterinary API. Urdhwa is a wholly owned subsidiary of Omkar Speciality Chemicals Limited.

- D) **Rishichem Research Limited:** Rishichem Research Limited ("Rishichem") is an unlisted company incorporated under the provisions of the Companies Act, 1956 on May 30, 1995 under the name Rishichem Research Private Limited and was subsequently converted on July 13, 2010 as a Public Limited Company and having its Registered Office at W 83 C, M.I.D.C., Badlapur (East), Thane - 421503. Rishichem was formed with the main object:

*To carry on the business of manufacturing, processing, formulating producing, fermenting, distilling, making, supplying, stocking, blending, buying, selling, improving, refining, converting, importing, exporting, distributing and dealing in resins and chemicals, oxalate, oxalic acid, acids, aerated waters, aromatics, antibiotics, beverages, bio-chemicals, bleaching and bleaching powder, chemicals, auxiliaries and intermediates, insecticides, cleaning chemicals, chemical compounds, antifoaming agents, anticaking agent, antistripping agent, antisetting agent, surface active agents, scientific chemicals, agricultural chemicals, petro-chemicals, preservative chemicals, industrial chemicals, heavy chemicals, organic and inorganic chemicals and compounds thereof, pharmaceutical chemicals, paint removers, pesticides, sanitary chemicals, fine, chemicals, gum, photographic chemicals, water purification chemicals.*

Rishichem is a wholly owned subsidiary of Omkar Speciality Chemicals Limited.

- E) **Desh Chemicals Private Limited:** Desh Chemicals Private Limited ("Desh") is an unlisted company incorporated under the provisions of the Companies Act, 1956 on November 25, 1983 and having its Registered Office at B-34, M.I.D.C., Badlapur (East), Thane - 421503. Desh was formed with the main object:

*To prepare, produce, manufacture chemicals of all sorts and nature and deal in, sell and/or dispose them off in any manner.*

Desh is a wholly owned subsidiary of Omkar Speciality Chemicals Limited.

- F) **Lasa Supergenerics Limited:** Lasa Supergenerics Limited ('Lasa Supergenerics') is an unlisted company incorporated under the provisions of the Companies Act, 2013 on March 11, 2016 and having its registered office at F-9, M.I.D.C., Badlapur (East), Thane - 421503, Maharashtra. Lasa Supergenerics is incorporated with the main object:

*To carry on in India and elsewhere the business to manufacture, produce, process, prepare, treat, disinfect, compound, formulate, mix, concentrate, pack, repack, refine, add, remove, purify, preserve, grade, freeze, distillate, boil, sterilize, improve, extract, buy, sell, wholesale / resale, trade, import, export, barter, transport, store, forward, distribute, dispose, develop, research, discover, manipulate, market, supply, concessions, or to otherwise deal as chemists, analytical chemists, research chemists, druggists, industrial consultant, for all types, descriptions, specifications, strengths and applications of chemicals including and without limitation to fine chemicals, organic and inorganic chemicals and their by-products, pharmaceuticals, drugs, intermediates, fine chemicals reagents, laboratory grade chemicals, dye stuffs, dyes and colours, enzymes, sanitary napkins, derivatives, formulations, plastics, pesticides, pigments, varnishes, paints, alcohols, agro-chemicals, petrochemicals, compound industrial and other preparations and also undertaking on a job-work basis the manufacturing and processing of all kinds of chemicals, drugs, intermediates, pharmaceuticals, fine chemicals, reagents, laboratory grade chemicals and to provide consultancy services, contract research which shall include working as preparation of feasibility studies, working out of process details and equipment*

*specification, plant erection and commencement of new project on turn-key basis and to apply for, register, renew licenses, patents, patent rights, brevet d'invention, trademarks, designs.*

Lasa Supergenerics is a wholly owned subsidiary of Omkar Speciality Chemicals Limited.

This Composite Scheme of Amalgamation and Arrangement ("Scheme") (more particularly described hereinafter) is presented pursuant to Section 391-394 and other applicable provisions, if any of the Companies Act, 1956 and the Companies Act, 2013.

### **Rationale and purpose of the Scheme**

All the Companies are part of the Omkar Group ('the Group'). It is proposed to:

- a) merge Lasa Laboratory Private Limited, Urdhwa Chemicals Company Private Limited, Rishichem Research Limited and Desh Chemicals Private Limited with Omkar Speciality Chemicals Limited; and
- b) demerge Veterinary API Undertaking of Omkar Speciality Chemicals Limited to Lasa Supergenerics Limited

### **Rationale for merger of Lasa Laboratory Private Limited, Urdhwa Chemicals Company Private Limited, Rishichem Research Limited and Desh Chemicals Private Limited with Omkar Speciality Chemicals Limited:**

- i) Simplification of corporate structure by reducing the number of legal entities and reorganizing the legal entities in the group structure;
- ii) Significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by Lasa Laboratory Private Limited, Urdhwa Chemicals Company Private Limited, Rishichem Research Limited and Desh Chemicals Private Limited;
- iii) Elimination of duplication in administrative costs and multiple record-keeping, thus resulting in cost savings; and
- iv) Concentrated effort and focus by the senior management to grow the business by eliminating duplicative communication and burdensome coordination efforts across multiple entities.

### **Rationale for demerger of Veterinary API undertaking of Omkar Speciality Chemicals Limited into Lasa Supergenerics Limited:**

OSCL basically has two businesses with divergent business profile, growth potential, risk- rewards, regulatory and capital requirements and are largely independent of each other. With a primary intention of achieving operational efficiencies, it has been decided by the management of OSCL to demerge the Veterinary API undertaking into Lasa Supergenerics Limited.

In consideration of the above mentioned business rationale and related benefits, this Scheme between Lasa Laboratory Private Limited, Urdhwa Chemical Company Private Limited, Rishichem Research Limited, Desh Chemicals Private Limited, Lasa Supergenerics Limited and Omkar Speciality Chemicals Limited is being proposed in accordance with the terms set out hereunder.

The broad terms of merger were as under:

1. Upon the merger of Lasa, Urdhwa, Rishichem, Desh into OSCL, OSCL will not issue and allot any equity shares to the shareholders of the respective Transferor Companies as these companies are wholly owned subsidiaries of OSCL.
2. Upon the demerger of the Veterinary API Undertaking into Lasa Supergenerics Limited (**'Resulting Company'**), pursuant to this Scheme becoming effective on the Effective Date, the Resulting Company will issue equity shares to the shareholders of OSCL as of the Record Date (as defined below), in accordance with the Demerger Share Entitlement Ratio (as defined below) approved by the Board of Directors of each of the Resulting Company and the OSCL as set out in this Scheme. As a consequence, the Resulting Company shall cease to be a wholly owned subsidiary of OSCL as its post demerger shareholding in the Resulting Company shall reduced to approximately 10% (Ten Percent).
3. The Residual Undertaking, after the demerger of the Veterinary API Undertaking shall be retained, managed and operated by Omkar Speciality Chemicals Limited.
4. After the effectiveness of the Scheme, the listing of the securities of Lasa Supergenerics Limited with the NSE and the BSE (where the OSCL's shares are originally listed) will be undertaken.
5. The effective date of the Scheme of Arrangement was April 1, 2015.
6. All the assets whether movable or imovable, rights, title, interest, etc. acquired by Lasa, Urdhwa, Desh and Rishichem after the Appointed Date and prior to the Effective Date for operation of Lasa, Urdhwa, Desh and Rishichem or pertaining to or relating to Lasa, Urdhwa, Desh and Rishichem shall also stand transferred to and vested in OSCL upon the coming into effect of this Scheme. The transfer and vesting of assets, estate, rights, title, interest, etc. will be treated as an acquisition of assets and liabilities i.e. acquisition of business of Lasa, Urdhwa, Desh and Rishichem on and from the Appointed Date.
7. All investment in shares, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, deposits, if any, with Government, semi-Government, local and other authorities and bodies, shall, without any further act, instrument or deed, be and stand transferred to and vested in OSCL and/or be deemed to be transferred to and vested in OSCL on the Appointed Date.
8. All debts, liabilities (including contingent liabilities), duties and obligations of every kind, of Lasa, Urdhwa, Desh and Rishichem shall stand transferred to OSCL on the same terms and conditions as were applicable to those respective companies.



9. Any statutory licences, authorizations, statutory rights, permissions, approvals, tax registrations, service tax, provident fund, ESI, Reserve Bank of India, or other registrations, no objection certificates, or any consents to carry on the operations of Lasa, Urdhwa, Desh and Rishichem shall stand transferred to and vested in OSCL. In so far as the various incentives, service tax benefits, subsidies (including applications for subsidies), rehabilitation Schemes, grants, special status, rights, and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Lasa, Urdhwa, Desh and Rishichem are concerned, the same shall, without any further act or deed, vest with and be available to OSCL on the same terms and conditions as are available to Lasa, Urdhwa, Desh and Rishichem.
10. All registrations, licences, trademarks, copyrights, domain names, applications for copyrights, trade-names and trademarks, etc. pertaining to Lasa, Urdhwa, Desh and Rishichem, if any, shall stand vested in OSCL without any further act, instrument or deed (unless filed only for statistical record with any appropriate authority or Registrar), upon the sanction of the Scheme and upon this Scheme becoming effective.
11. All taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, etc) payable by or refundable to Lasa, Urdhwa, Desh and Rishichem shall be treated as the tax liability or refunds/claims, etc as the case may be, of OSCL, and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, etc, as would have been available to Lasa, Urdhwa, Desh and Rishichem, shall pursuant to this Scheme becoming effective, be available to OSCL.
12. Upon this Scheme becoming effective, the secured creditors of Lasa, Urdhwa, Desh and Rishichem and/or other security holders having charge over the properties of Lasa, Urdhwa, Desh and Rishichem shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of Lasa, Urdhwa, Desh and Rishichem, as existed immediately prior to the effectiveness of this Scheme, and the secured creditors of OSCL and/or other security holders having charge over the properties of OSCL shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of OSCL, as existed immediately prior to the scheme becoming effective.
13. Further, it was clarified that pursuant to amalgamation, the secured creditors of Lasa, Urdhwa, Desh and Rishichem and/or other security holders having charge over the properties of Lasa, Urdhwa, Desh and Rishichem shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of OSCL and vice versa, and hence such assets of Lasa, Urdhwa, Desh and Rishichem and OSCL, as the case may be, which are not currently encumbered, shall remain free and shall remain available for creation of any security thereon in future in

relation to any current or future indebtedness of OSCL.

14. All taxes payable by Lasa, Urdhwa, Desh and Rishichem on and after the Appointed Date shall be treated as the tax liability of OSCL. Similarly, all credits for taxes including but not limited to tax deduction at source of Lasa, Urdhwa, Desh and Rishichem shall be treated as credits for taxes of OSCL.
15. The authorised share capital of Lasa, Urdhwa, Desh and Rishichem aggregating to ₹ 970.00 lakhs consisting of 33,50,000 Equity shares of ₹ 10/- each, 3,60,000 Equity Shares of ₹ 100/- each and 27,50,000 Preference shares of ₹ 10/- each shall stand transferred to and combined with the authorised share capital of OSCL and shall be re-classified without any further act or deed.
16. The entire equity share capital of Lasa, Urdhwa, Desh and Rishichem is held by OSCL. In other words Lasa, Urdhwa, Desh and Rishichem are wholly owned subsidiaries of OSCL. Accordingly, pursuant to this merger, no shares of OSCL shall be allotted in respect of its holding in Lasa, Urdhwa, Desh and Rishichem. Upon the Scheme becoming effective, the entire share capital of Lasa, Urdhwa, Desh and Rishichem shall be cancelled and extinguished.
17. All the employees of Lasa, Urdhwa, Desh and Rishichem as on the Effective Date shall stand transferred to OSCL without any interruption in service as a result of transfer of Undertakings of Lasa, Urdhwa, Desh and Rishichem to OSCL. The position, rank, and designation, terms and conditions (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits) of the employees would be decided by the Board of Directors or any committee / sub-committee or person(s) so authorised by the Board of OSCL.
18. OSCL agrees that the services of all such employees with Lasa, Urdhwa, Desh and Rishichem prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in Lasa, Urdhwa, Desh and Rishichem. It is clarified that the services of the staff, workmen and employees of Lasa, Urdhwa, Desh and Rishichem will be treated as having been continuous for the purpose of calculating statutory benefits, if any.

On the Scheme becoming effective and with effect from the Appointed Date, OSCL shall account for the merger in its books as under:

- OSCL shall account the merger of Lasa, Urdhwa, Desh and Rishichem as per the purchase method as set out in Accounting Standard 14 (AS 14) referred to

in Section 210 and 211 of the Companies Act (Corresponding notified Section 129 and 133 of the Companies Act, 2013);

- With effect from the Appointed Date, all the assets and liabilities appearing in the books of account of Lasa, Urdhwa, Desh and Rishichem shall be transferred and vested in OSCL and shall be recorded by OSCL at their respective fair values as may be decided by the Board of Directors of OSCL.
- As on the Appointed Date, pursuant to the merger of Lasa, Urdhwa, Desh and Rishichem with OSCL, the intercompany balances and investments between OSCL and Lasa, Urdhwa, Desh and Rishichem, if any, appearing in the books of accounts of OSCL will stand cancelled.
- The difference, being the fair value of assets over the fair value of liabilities transferred to OSCL pursuant to this Scheme, after making the adjustment; and after adjusting for revision in the value of assets and liabilities, appearing in the book of accounts of OSCL as considered appropriate by the Board of Directors of the OSCL; after providing for all the costs and expenses incurred, whether of the Transferor Companies or of the Transferee Company or of the Resulting Company, incidental with the finalization of this Scheme and to put it into operation of the said Scheme, shall be credited to the Capital Reserve or debited to Share Premium Account as the case may be.

#### **Demerger of Veterinary API undertaking and transfer to Lasa Supergenerics Limited**

The Demerged Undertaking of Demerged Company shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in Resulting Company, as a going concern and in the following manner:

- The whole of Veterinary API Undertaking and its properties, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, including without limitation in relation to service tax, customs duty, excise duty, CENVAT credit or Value Added Tax and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in Resulting Company so as to vest in Resulting Company all rights, titles and interests pertaining to the Demerged Undertaking.
- In respect of all such assets pertaining to the Demerged Undertaking that are movable in nature or incorporeal properties or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery, or by vesting and recordal including plants, machineries and equipments, pursuant to this Scheme, which are capable of being physically transferred including cash on hand, shall stand vested in and/or be deemed to be vested in the Resulting Company wherever located and shall become the property and an integral part of the Resulting Company.

- In respect of other assets pertaining to Demerged Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi- Government, local and other authorities and bodies and customers, Demerged Company shall, on being so requested by Resulting Company, issue notices in such form as Resulting Company may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, Resulting Company as the person entitled thereto, to the end and intent that the right of Demerged Company to receive, recover or realize the same, stands transferred to Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes. It is hereby clarified that investments and all the rights, title and interests if any, of the Demerged Undertaking in any leasehold properties shall, pursuant to Section 394(2) of the Companies Act, 1956 or the applicable provisions of the Companies Act, 2013 and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and/or be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 394 of the Companies Act, 1956 or the applicable provisions of the Companies Act, 2013.
- All debts (including rupee and foreign currency loans, time and demand liabilities, borrowings, bills payable), liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the of Demerged Company pertaining to the Demerged Undertaking under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to Resulting Company.
- Any statutory licenses, permissions or approvals or consents held by Demerged Company required to carry on operations of the Demerged Undertaking shall stand vested in or transferred to Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Resulting Company and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses etc. shall vest in and become available to Resulting Company as if they were originally obtained by Resulting Company.
- In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the Demerged Undertaking are securities for liabilities of the Remaining Undertaking of the Demerged Company, the same shall not be affected or abated pursuant to the Scheme and the same shall continue to be effective.
- Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of Resulting

Company shall continue with respect to such assets or any part thereof of Resulting Company and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the Demerged Undertaking vested in Resulting Company, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by Demerged Company in relation to the Demerged Undertaking which shall vest in Resulting Company by virtue of the vesting of the Demerged Undertaking with Resulting Company and there shall not be any obligation to create any further or additional security therefore after the Scheme has become effective.

- Provided further that all the loans, advances and other facilities sanctioned to Demerged Company in relation to the Demerged Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to Resulting Company and the said loans and advances may be drawn and utilized either partly or fully by Demerged Company from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by Demerged Company in relation to the Demerged Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to Resulting Company and all the obligations of Demerged Company in relation to the Demerged Undertaking under any loan agreement shall be construed and shall become the obligation of Resulting Company without any further act or deed on the part of Resulting Company.
- All legal proceedings of whatsoever nature by or against Demerged Company pending and/or arising before the Effective Date and relating to the Demerged Undertaking, shall not be abated or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Demerged Company, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against Demerged Company.

After the Effective Date, if any proceedings are taken against Demerged Company in respect of the matters referred to in above clause, it shall defend the same at the cost of Resulting Company and Resulting Company shall reimburse and indemnify Demerged Company against all liabilities and obligations incurred by Demerged Company in respect thereof. Resulting Company undertakes to have all respective legal or other proceedings initiated by or against Demerged Company, transferred into its name and to have the same continued, prosecuted and enforced by or against Resulting Company as the case may be, to the exclusion of Demerged Company.

- All employees of Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Effective Date shall become the employees of Resulting Company from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they

are engaged by Demerged Company and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking.

- In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by Demerged Company for the employees related to the Demerged Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are for employees related to the Demerged Undertaking being transferred to Resulting Company, in terms of the Scheme shall be transferred to Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of Resulting Company, either be continued as separate funds of Resulting Company for the benefit of the employees related to the Demerged Undertaking or be transferred to and merged with other similar funds of Resulting Company. In the event that Resulting Company does not have its own funds in respect of any of the above, Resulting Company may, subject to necessary approvals and permissions, continue to contribute to relevant funds of Demerged Company, until such time that Resulting Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to the Demerged Undertaking shall be transferred to the funds created by Resulting Company. Subject to the relevant laws, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of Demerged Company and Resulting Company may decide to continue to make the said contributions to the Funds of Demerged Company. It is clarified that the services of the employees of the Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.
- Resulting Company will be the successors of Demerged Company vis-à-vis the Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-a-vis the Demerged Undertaking and the obligations, if any, for payment of the taxes on any assets forming part of the Demerged Undertaking or their erection and / or installation, etc. shall be deemed to have been availed by Resulting Company or as the case may be deemed to be the obligations of Resulting Company.

With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by Demerged Company relating to the Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of Resulting Company.

- Upon this Scheme becoming effective, Resulting Company shall without any further application or deed, issue and allot Shares, credited as fully paid-up, to the extent indicated below to the shareholders of Demerged Company, holding shares in Demerged Company and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors in the following proportion:

- One (1) Equity Share having face value of ₹ 10 each of the Resulting Company for every One (1) Equity Share having face value of ₹ 10 each of the Demerged Company, each Equity Share being fully paid-up.
- Upon this Scheme coming into effect and upon vesting of the Veterinary API Undertaking in the Resulting Company, the Demerged Company shall provide to the Resulting Company, the list of equity shareholders of the Demerged Company as on the Record Date, who are entitled to receive fully paid-up equity shares, in the Resulting Company in terms of this Scheme.
- The Equity Shares to be issued and allotted by the Resulting Company shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Resulting Company and shall rank *pari passu* in all respects with the existing Equity Shares of the Resulting Company.
- The Resulting Company shall apply for and obtain any approvals from the concerned regulatory authorities, including the Securities and Exchange Board of India and the NSE and the BSE, for the issue and allotment by the Resulting Company of Equity Shares of Resulting Company to the members of Demerged Company pursuant to the Scheme.
- On the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company shall account for demerger in its books as under:
  - The Demerged Company shall reduce the book value of assets (net of diminution/depreciation, if any) and liabilities relating to the Veterinary API Undertaking, transferred to the Resulting Company.
  - The excess of book value of the assets transferred (net of diminution/depreciation, if any) over the book value of the liabilities of the Veterinary API Undertaking transferred to the Resulting Company, shall be debited proportionately to all reserves and surpluses (including the securities premium account) of the Demerged Company.
  - The application and consequential reduction of the securities premium account, shall be effected as an integral part of the Scheme and the order of the Company Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Companies Act, 1956 (or the relevant provisions of the Companies Act, 2013) confirming the reduction in the securities premium account of the Demerged Company. The proposed reduction does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital. The Demerged Company shall not be required to add the phrase "and reduced" as a suffix to the name.
- On the Scheme becoming effective and with effect from the Appointed Date, the Resulting Company shall account for demerger in its books as under:
  - The Resulting Company shall record the assets and liabilities (the difference between the assets and liabilities hereinafter being referred to as the "**Net Assets**") vested in it pursuant to this Scheme, at the



respective book values thereof, as appearing in the books of the Veterinary API Undertaking of the Demerged Company, at the close of business of the day immediately preceding the Appointed Date.

- The Resulting Company shall credit to its share capital in its books of account, the aggregate face value of the new equity shares issued by it to the members of the Demerged Company pursuant to this Scheme.
- The excess of the Net Assets over the face value of new equity shares allotted in accordance with the Scheme shall be credited to the respective reserves and surpluses (including the securities premium account), in the same proportion as debited in the books of the Demerged Company.
- In case the Resulting Company is required to follow accounting policies that are different from that of the Demerged Company for any regulatory reasons, the effect of the difference in the accounting policies between the Demerged Company and the Resulting Company, will be quantified and adjusted in the opening reserve (other than the securities premium account), to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.

### **3. Details about Deed of Disassociation executed amongst Promoters**

Consequent to the order of Hon'ble Tribunal in respect of Scheme of Arrangement, Promoters/Promoter Group have mutually agreed to manage, run and control the affairs of Omkar Speciality Chemicals Limited (OSSCL) and Lasa Supergenerics Limited (LSL) independently to have effective and efficient supervision, concentrated and focused approach towards their businesses and also to avoid any conflict of interest.

Accordingly, Deed of Disassociation was signed amongst Mr. Pravin S. Herlekar(First Part), Mrs. Anjali Herlekar (Second Part), Mr. Rishikesh P. Herlekar(Third Part), Mr. Omkar P. Herlekar(Fourth Part), and Svaks Biotech India Private Limited(Fifth Part) on July 22, 2017, brief details of which are as under:

1. That the Parties hereinabove agree and admit that the said business of OSCL is exclusive and independent and the said business is exclusively managed, run and control by the party of the FIRST PART.
2. Similarly, the business of LSL is exclusive and independent and the said business is exclusively managed, run and control by the party of the FOURTH PART.
3. That the Party of the FOURTH PART shall not interfere in the affairs of OSCL in any manner whatsoever and also has no right, title, interest of any nature in the said business of OSCL.
4. That the Party of the FIRST PART and THIRD PART shall not interfere in the affairs of LSL in any manner whatsoever and also have no right, title, interest of any nature in the said business of LSL.

5. That all Parties have agreed that they shall have no right or claim with the assets and liabilities of each other's business
6. That the Parties hereinabove agree and admit that the Party of the FIRST PART and THIRD PART shall be re-classified as "Promoter", and party of the FOURTH PART will be re-classified as "Promoter" in LSL only. This reclassification of the "Promoter" and "Promoter Group" in OSCL and LSL is subject to approval/intimation of the shareholders/stock Exchanges/any Regulatory Authority as may be required. The Parties also agrees that they will give all the supporting documents, undertakings, representations, warranties, personal appearances, etc. as may be required for the purpose of classification/reclassification.
7. That the Parties hereinabove agree that the Party of the FIRST PART and THIRD PART shall not be part of Promoter or Promoter Group of LSL in any capacity whatsoever and similarly, the Party of the FOURTH PART shall not be part of Promoter or Promoter Group of OSCL in any capacity whatsoever.
8. That the Parties hereto agree that the Party of the SECOND PART will not be part of the Promoter and/or of Promoter Group of OSCL and/or LSL in any capacity whatsoever.
9. That the Parties hereinabove agree that the Party of SECOND PART will no longer be associated with any business activity, whether of OSCL or LSL in any capacity whatsoever.
10. That the Parties hereinabove agree that the Party of SECOND PART will not have any right, title, claim, interest of whatsoever nature in any assets of both OSCL and LSL and also no claim be filed or liability affixed on her by any person whosoever for the business run by OSCL and LSL.
11. It has been agreed between the party of the FIRST PART and the party of the FOURTH PART that both will hold 10% in LSL and OSCL respectively. Any excess shareholding being held by any of the parties shall be transferred through inter-se transfer amongst themselves subject to compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations and intimation to SEBI/Stock Exchanges. Further, they will not exercise any control in future, directly or indirectly, whether individually or alongwith persons acting in concert in each other's company. Accordingly, the Parties of FIRST PART, THIRD PART and FIFTH PART agree to transfer 21,00,821 Shares, 5,17,006 shares, 3,80,000 shares held in LSL respectively to the party of FORTH PART through inter-se transfer of shares. Similarly, the Party of FORTH PART agree to transfer 29,97,827 shares held in OSCL to party of FIRST PART through inter-se transfer of shares.

12. That the shareholding of OSCL (pre and post-interse) will be as under:

<b>Sr. No.</b>	<b>Name of the shareholders classified under</b>	<b>No. of Equity Shares held</b>	<b>% of Shareholding</b>	<b>Shares under Inter-se</b>	<b>%age of shares under</b>	<b>No. of Equity Shares held</b>	<b>% of Shareholding</b>
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	<b>Promoters and Promoter group category</b>	<b>Pre Inter-se</b>			<b>inter-se</b>	<b>Post Inter-se</b>	
1	Pravin S. Herlekar	21,00,821	10.21	-	-	5098648	24.77
2	Rishikesh P. Herlekar	5,17,006	2.51	-	-	517006	2.51
3	Svaks Biotech India Pvt. Ltd.	3,80,000	1.85	-	-	380000	1.85
4	Omkar P. Herlekar*	52,51,500	25.52	29,97,827	-	-	-
	<b>TOTAL PROMOTER/ PROMOTER GROUP</b>	<b>82,49,327</b>	<b>40.08</b>	<b>29,97,827</b>	<b>-</b>	<b>59,95,654</b>	<b>29.14</b>
	PUBLIC shareholding	<b>12328677</b>	<b>59.91</b>	-	-	<b>14582350</b>	<b>70.86</b>
	TOTAL shareholding	<b>20578004</b>	<b>100</b>	-	-	<b>20578004</b>	<b>100</b>

\* Mr. Omkar P. Herlekar cease to be part of Promoter/Promoter Group consequent to inter-se transfer and will appear in the shareholding of “Public” category.

13. That the shareholding of LSL (pre and post-interse) will be as under:

Sr. No.	Name of the shareholders classified under Promoters and Promoter group category	No. of Equity Shares held	% of Shareholding	Shares under Inter-se	%age of shares under inter-se	No. of Equity Shares held	% of Shareholding
		Pre Inter-se				Post Inter-se	
1	Omkar P. Herlekar	52,51,500	25.52	2617827	12.72	7869327	38.24
	Pravin S. Herlekar*	21,00,821	10.21	-	-	Nil	Nil
	Rishikesh P. Herlekar*	5,17,006	2.51	-	-	Nil	Nil
	Total Promoter/ Promoter Group	7869327	38.24	-	-	7869327	38.24
	Public shareholding	14995122	72.87	-	-	14995122	72.87
	TOTAL shareholding	22864449	100	-	-	22864449	100

\*Mr. Pravin S. Herlekar and Mr. Rishikesh P. Herlekar will cease to be part of Promoter / Promoter Group after inter-se transfer and will appear in the “Public” category.

14. That the parties of the FIRST PART and the party of the FOURTH PART agrees and undertake that the aforesaid inter-se transfer amongst the parties will be

completed within a period of two months from the date of the listing of the shares of LSL on the Stock Exchange(s).

15. That the Parties of the FIRST PART and the party of the FOURTH PART agrees and undertake that the inter-se transfer will comply all disclosure/approval requirements of all regulatory authorities as may be applicable.
16. That the Parties of the FIRST PART and the party of the FOURTH PART agrees that subsequent to execution of this 'Deed of Disassociation', both parties are free to transfer, sell, assign, pledge, etc. of their shareholding in LSL and OSCL respectively.
17. That the party of the FIRST PART and the party of the FOURTH PART agrees and undertake that they will not exercise any control in future, directly or indirectly, whether individually or alongwith persons acting in concert in each other's company.

#### **4. Reclassification of Promoters**

Subsequent to execution of 'Deed of Disassociation' on July 22, 2017, Stock Exchanges were intimated and their approval was sought vide our letters dated July 27, 2017 under Regulation 31A of SEBI(Listing Obligations and Disclosure Requirement) Regulations, 2015.

The important submissions were as under:

- (i) The name of promoters and promoter group of the Company and their shareholding as on date is as below:

<b>Sr. No.</b>	<b>Name of the shareholders classified under Promoters and Promoter group category</b>	<b>No. of Equity Shares held</b>	<b>% of Shareholding</b>
1	Pravin S. Herlekar	2100821	10.29
2	Omkar P. Herlekar	4843456	23.56
3	Rishikesh P. Herlekar	517006	2.51
4	Svaks Biotech India Pvt. Ltd.	380000	1.85
5	Anjali Pravin Herlekar	0	0.00

- (ii) Mr. Omkar P. Herlekar and Mr. Rishikesh P. Herlekar are sons of Mr. Pravin S. Herlekar, Promoter, Chairman and Managing Director of the Company. Mrs. Anjali Herlekar, aged 57 years, is wife of Mr. Pravin S. Herlekar.
- (iii) Hon'ble National Company Law Tribunal, Mumbai bench on April 13, 2017 approved Composite Scheme of Arrangement between our Company and our subsidiaries/associate companies namely Lasa Laboratory Private Limited, Urdhwa Chemicals Company Private Limited, Rishichem Research Limited,

Desh Chemicals Private Limited and Lasa Supergenerics Limited. Consequently, four of these companies namely Lasa Laboratory Private Limited, Urdhwa Chemicals Company Private Limited, Rishichem Research Limited and Desh Chemicals Private Limited have been merged with our Company (Omkar Speciality Chemicals Limited or OSCL) and Lasa Supergenerics Limited (LSL) has been separated from our Company.

- (iv) Consequent to order of Hon'ble Tribunal, Promoters have mutually agreed to manage, run and control the affairs of OSCL and LSL independently to have effective and efficient supervision, concentrated and focused approach towards their businesses and also to avoid any conflict of interest.
- (v) Accordingly, it has been decided amongst the Promoters that Mr. Pravin S. Herlekar will supervise, control and run the activities of Omkar Speciality Chemicals Ltd. and Mr. Omkar P. Herlekar will supervise, control and run the affairs of Lasa Supergenerics Limited. Both will not interfere in the day-to-day affairs of each other's company. Accordingly, Promoters have executed "Deed of Disassociation" amongst them on July 22, 2017.
- (vi) The Company in its Board meeting held on July 26, 2017 take note of execution of 'Deed of Disassociation' and decided to take shareholder's approval and also Stock Exchange approval/permission as may be required to give effect of the same.
- (vii) After the reclassification and inter-se transfer, the Promoter/Promoter Group of OSCL will be as under:

Sr. No.	Name of the Shareholders classified under Promoters and Promoter group	No. of Equity Shares held	% of Shareholding	Shares under Inter-se	%age of shares under inter-se	No. of Equity Shares	% of Share
	<b>PROMOTER</b>	<b>Pre inter-se</b>				<b>Post inter-se</b>	
1	Mr. Pravin S. Herlekar	21,00,821	10.21	29,97,827	14.56	50,98,648	24.77
2	Mr. Rishikesh P. Herlekar	5,17,006	2.51	-	-	5,17,006	2.51
3	Svaks Biotech India Pvt. Ltd.	3,80,00	1.85	-	-	3,80,000	1.85
4	Omkar P. Herlekar*	48,43,456	23.54	(29,97,827)	(14.56)	-	-
	<b>Total Promoter / Promoter Group</b>	<b>78,41,283</b>	<b>38.11</b>	<b>-</b>	<b>-</b>	<b>59,95,654</b>	<b>29.14</b>

	<b>Public Shareholding</b>	<b>127,36,721</b>	<b>61.89</b>	-	-	<b>145,82,350</b>	<b>70.86</b>
	<b>Total Shareholding</b>	<b>205,78,004</b>	<b>100.00</b>	-	-	<b>205.78,004</b>	<b>100.00</b>

*Note: Mr. Omkar P. Herlekar will cease to be a Promoter/Promoter Group after re-classification and will appear in the Shareholding of 'Public' category.*

- (viii) Mr. Omkar P. Herlekar and Mrs. Anjali Herlekar will not exercise any control in future, directly or indirectly, whether individually or alongwith persons acting in concert in our Company.
- (ix) Mr. Omkar P. Herlekar and Mrs. Anjali Herlekar do not have any special rights through formal or informal arrangements in OSCL. Any arrangement(s)/agreement(s), oral or written granting special rights, to him shall stand terminated.

The above said event of reclassification has been disclosed as 'material event' in accordance with the provisions of SEBI (LODR).

The approval of Shareholders was also obtained in the Annual General Meeting held on September 27, 2017 in respect of reclassification of Promoters. The approval from Stock Exchanges in this regard is awaited. The inter-se amongst Mr. Pravin S. Herlekar and Mr. Omkar P. Herlekar as mentioned at clause (vii) above will be completed before the opening of the present Rights Issue.

## **5. Reclassification of Authorized Share Capital**

Considering the business plan and fund requirements of the Company, the Authorised Share Capital of the Company was reclassified from the existing ₹ 44,70,00,000 (Rupees Forty Four Crore Seventy Lakhs Only) divided into ₹ 41,95,00,000 (Rupees Forty one crore Ninety five lakhs only) and 27,50,000 (Twenty Seven Lakh Fifty thousand) 10% Non-Cumulative Redeemable Preference Shares of ₹ 10/- (Rupees Ten) each into ₹ 44,70,00,000 (Rupees Forty Four Crore Seventy Lakhs Only) divided into 4,47,00,000 (Four Crore Forty Seven Lakhs) Equity shares of ₹ 10/- (Rupees Ten Only) each.

We have now proposed to increase the authorized share capital from 4,47,00,000 Equity Shares of ₹ 10/- each aggregating to ₹ 4470 lakhs to 6,50,00,000 Equity Shares of ₹ 10/- each aggregating to ₹ 6500 lakhs in our board meeting held on May 18, 2018 and propose to take approval of shareholders through postal ballot.

## **6. Other Material business/financial developments**

### **(a) Impact of merger/demerger on business operations**

The overall business of the Company (pre-merger/demerger) constituted following major segments:

- (a) Speciality Chemicals required for pharmaceuticals and allied industries.
- (b) Veterinary API business.

Out of the above, the speciality chemicals business has been with the parent company, Omkar Speciality Chemicals Ltd. for over 3 decades and the products were being manufactured in its facilities located at MIDC, Badlapur including two subsidiaries namely; Rishichem Research Ltd. and Desh Chemicals Pvt. Ltd.

The veterinary API products were launched in 2012 and they were manufactured in the facilities belonging to Urdhwa Chemical Co. Pvt. Ltd. and Lasa Laboratory Pvt. Ltd.

Both these businesses were independent in terms of the products and customers. The business models are also different in terms of their financial requirements. Hence after taking approval of Hon'ble National Company Law Tribunal, Mumbai the veterinary API operations were demerged into Lasa Supergenerics Limited. Our profit before exceptional and extraordinary items and tax was ₹ 3198.59 lakhs during FY 2017 as compared to ₹ 3336.44 lakhs during FY 2016. However after considering exceptional items, which consisted of difference between the fair value and book value of assets transferred to resulting company amounting to ₹ 6321.38 lakhs, we incurred net loss of ₹ 2556.82 lakhs.

Our Company, post-demerger, decided to restructure our product portfolio by stopping the production of lesser margin products and requiring large working capital requirements and focusing more on high margin products to achieve operational efficiencies.

#### **(b) Applicability of Ind-AS**

During 2017-18, we have adopted Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder. The date of transition to Ind AS was April 1, 2017 and accordingly, unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "*Interim Financial Reporting*" and the other accounting principles generally accepted in India. The impact of transition has been accounted for in the opening reserves and the comparative period figures have been reinstated accordingly.

The impact of Ind AS on our financial statements for the nine months ended December 31, 2017 is summarized as under:

<b>Sr. No.</b>	<b>Particulars</b>	<b>9 months ended 31.12.2017 (₹ in lakhs)</b>
1	Fair valuation of financial liabilities	(321.08)
2	Exceptional Items	(5258.55)
3	Diminution in value of PPE due to revaluation	558.44
4	Actuarial gain accounted for gratuity and leave encashment	18.10
5	Reversal of excess provision of gratuity and leave encashment	10.71
6	Deferred tax income due to revaluation of assets	2746.51
	<b>Total</b>	<b>(2245.87)</b>

Exceptional item of ₹ (5258.55) lakhs represents, the cost of intangible assets including cost of research and development "patents granted from time to time"



and/or "patent application filed but grant pending". There are no specific parameters to value such patents in the books. As a result, the management has identified all the costs, assets etc. incurred on it, capitalized it and valued the same at "Zero", resulting into one time adverse affect on the financial results. This treatment is in line with fair valuation method adopted in pursuance of adoption of Ind AS.

All the fixed assets both tangible and intangible has been restated at a fair market value or cost, whichever is lower in line with the Ind-AS provisions becoming mandatory effective from 1st April, 2017.

This loss as on December 31, 2017 coupled with impact of Ind-AS has resulted in negative networth of ₹ 9985.82 lakhs (excluding revaluation reserves) and financial imbalance.

## **SECTION VII: Legal and Other Information**

### **OUTSTANDING LITIGATIONS AND DEFAULTS**

*Except as disclosed below, there are no outstanding litigations against our Company, including suits, criminal or civil prosecutions and taxation related proceedings that would have a material adverse effect on the operations, the financial position or the future revenue of our Company. In this regard, please note the following:*

*Except as disclosed, our Company is not aware of any litigation involving issues of moral turpitude or criminal liability on the part of our Company, material violations of statutory regulations by our Company or proceedings relating to economic offences against our Company, which are currently pending or have arisen in the last ten (10) years.*

*Since, the net worth of the Company is negative to a tune of ₹ 9985.82 Lakhs as per the unaudited balance sheet for the stub period ending December 31, 2017 our Company has disclosed all the litigations filed by or against it and there are no litigations and defaults involving our Company, except as disclosed below:*

### **LITIGATION AGAINST OUR COMPANY**

#### **Proceedings relating to economic offences**

#### **Tax Proceedings**

##### **Income Tax**

#### **1. In respect of Assessment years 2009-10, 2010-11 and 2011-12**

In respect of Assessment years 2009-10, 2010-11 and 2011-12 the Company received separate assessment orders raising demand aggregating to ₹ 389.17 Lakhs as penalty under Section 271(1)(c) read with explanation 1(b) of the Income Tax Act, 1961. In these Orders, Assistant Commissioner of Income Tax, held that the Company had inflated its expenses by taking bogus bills of purchases of raw materials from the hawala dealers. Accordingly, these purchases allegedly proved to be non-genuine. The Company received show cause notice also in this regard. Aggrieved by these orders, the Company filed an appeal under Section 246A of the Act before Commissioner of Income Tax, but the same was dismissed. The Company filed further appeal in the Income Tax Appellate Tribunal, Mumbai in all these matters. In the appeal, similar grounds were raised, the Tribunal vide its common order dated October 27, 2016 allowed the appeals for statistical purposes wherein it was held that the Assessing Officer would examine and decide the matters afresh. In view of the said order of the Tribunal, the Assessing Officer thereafter issued fresh notices dated September 29, 2017 directing the Company to furnish certain details and information with respect to purchases made and also requested to substantiate the claims made by the Company. In response, the Company had filed its reply for three assessment years on November 10, 2017, however these were found to be insufficient according to Assessing Officer and the Company was directed to

again submit their reply to substantiate claim. The Assessing Officer has thereafter passed orders in all three assessment years 2009-10, 2010-11, and 2011-12 respectively disallowing the alleged bogus purchases and issuing notices under section 156 for raising demand of ₹ 83.45 Lakhs, ₹ 250.63 Lakhs and ₹ 199.5 Lakhs respectively. Aggrieved again by the said Orders of the ACIT, the Company has filed appeals through e-filing portal before CIT(A) for the Assessment Years 2009-10 on February 22, 2018 and for 2010-11 and 2011-12 on February 10, 2018 stating the Assessing Officer has again erred in disallowance of purchases and added back the same in the income of the Company. Currently, the said appeals are pending before CIT(A) for disposal.

Further, vide letter dated February 23, 2018 the Company has informed the ACIT that matters pertaining to AY 2009-10, 2010-11 and 2011-12 were pending before CIT Appeal and the outcome of the said appeal was pending as on the date. At the direction of AO the Company had paid 20% of the assessment dues for the above said AYs. Further, some payment pertaining to AY 2015-16 was paid as dues of different AYs resulting in the self-assessment tax pertaining to AY 2015-16 in becoming unpaid and the liabilities of earlier AYs being paid in excess to a tune of ₹ 120.00 Lakhs. The Company further requested the ACIT to consider the excess payment of the said amount against the self-assessment tax dues of AY 2015-16 till the matters pertaining to AY 2009-10, 2010-11, 2011-12 were finally heard before CIT(A). Out of the balance liability of ₹ 37.17 Lakhs for AY 2015-16, the Company has already paid ₹ 3.00 Lakhs on February 22, 2018 and on March 17, 2018 and assured to pay the balance at the earliest. The matter is now pending with AO for disposal.

## **2. Assessment Year 2012-13**

The Company received an Assessment Order dated March 25, 2015 for the A.Y. 2012-13 assessing the income of the Company to be ₹ 1977.88 Lakhs as against ₹ 1890.47 Lakhs as self-assessed by the Company. The authorities had disallowed purchases of ₹ 87.41 Lakhs as allegedly bogus and non-genuine and a notice of demand for ₹ 28.36 Lakhs was raised on the Company. Aggrieved by the said order the Company filed an appeal under Section 246A of the Act before Commissioner of Income Tax, but the same was partly allowed vide order dated January 2, 2017. The Company filed further appeal before the Tribunal on April 5, 2017. The said appeal of the Company was dismissed by the Tribunal vide its order dated November 29, 2017 with an observation that the findings recorded by the CIT(A) were judicious and were well reasoned. The Company further received a show cause notice raising a demand for ₹ 7.21 Lakhs. In reply to the said demand notice the Company on April 9, 2018 submitted to the ACIT requesting him to consider adjusting the excess amount of ₹ 7.16 Lakhs calculated due to revised working of order of Hon'ble Tribunal after adjusting ₹ 15.00 Lakhs paid under regular assessment and also paid the balance amount of ₹ 0.042 Lakhs. The said matter is still pending before the authorities for disposal.

The amount in dispute is ₹ 7.21 Lakhs.

**The total amount in dispute for income tax cases is ₹ 432.33 Lakhs, with**

**following details:**

Assessment Year	Date of Assessment Order	Income as per Assessment Order	Income as per Company	Amount of disallowed purchases	Amount of demand raised	Amount paid/adjusted	Amount in dispute (including penalty)
2009-10	November 28, 2017*	567.68	446.11	121.57	83.45*	16.90	66.55*
2010-11	November 29, 2017 *	996.94	629.30	352.14	250.63*	50.88	199.75*
2011-12	December 18, 2017*	1607.48	1307.80	263.69	199.47*	40.65	158.82*
2012-13	March 25, 2015	1977.88	1890.47	87.41	28.36	NA	7.21

\* The dates and amounts are for the fresh Assessment Orders passed by the ACIT after the Order of ITAT on September 29, 2017 directing him to assess the income of the Company afresh.

#### **VAT cases**

##### **In respect of Assessment Years 2009-10, 2010-11, 2011-12 and 2012-13**

Assessment Orders pertaining to assessment years 2009-10, 2010-11, 2011-12 and 2012-13 were passed by Assistant Commissioner of Sales Tax, Mumbai. As per the said order a notice in Form 603 was served upon the Company for producing documents in support of their returns filed. As per the order, the Company itself or through authorized representative neither attended nor any communication was received from the Company for the said notice. As per the orders, demand under CST was raised under MVAT Act, 2002 out of which ITC was allowed and excess VAT was adjusted against CST demand. Further demand under section 9(2) of CST Act, 1956 read with section 30(3) of MVAT Act, 2002 was levied by the assessing authority. In response to the said demand the Company had applied for cancellation of said Assessment Orders vide its application in form VII(BB) for CST and in form 316 for MVAT, 2002. The said request was considered by Revenue Authorities.

With respect to the Assessment Year 2009-10 the Company has paid an amount of ₹ 16.69 Lakhs and rest of interest and penalty had been waived by way of Order of Settlement dated January 2, 2017.

For the Assessment Year 2011-12 an Order was passed by the Appellate Authority waiving off the penalty and interest amount and demanding an amount of ₹ 222.48 Lakhs under the MVAT Act.

For the Assessment Year 2012-13 an Order dated March 29, 2017 was passed by the Appellate Authority accepting the application of the Company for cancellation of the said Order of the Assessing Officer.

For rest of the Assessment Years the Company is awaiting further notice for start of fresh assessment and the matter is still pending for disposal.

#### **In respect of Assessment Years 2013-14**

Assessment Order pertaining to assessment year 2013-14 was passed by Assistant Commissioner of Sales Tax, Mumbai. As per the order, demand under CST was raised under MVAT Act, 2002 out of which ITC was allowed. Further demand was raised by the assessing authority for ₹ 98.19 Lakhs under CST and ₹ 84.40 Lakhs under MVAT aggregating to ₹182.59 Lakhs. Aggrieved by the said order of the Assessing Officer the Company is in process of filing an appeal before the appellate authorities.

#### **VAT case pertaining to 2005-06**

An Assessment Order dated March 13, 2015 was passed by the Sales Tax Officer, KAL-VAT-C-015 against the Company raising a demand of ₹ 49.90 Lakhs. In response to the said order the Company filed an appeal numbering CST-1763/2013-14 before the Deputy Commissioner of Sales Tax. For the said appeal the Company deposited an amount of ₹ 7.23 Lakhs. The appellate authority passed an order numbering KAL-VAT-E-001/Appeals/CST 1763/B-1359 dated May 13, 2015 admitting the said appeal filed the Company and also directing the stay of recovery proceedings of the assessing authority. The said order also stated that the action was without prejudice to the penalty under section 29(8) of the MVAT Act, 2002. Further a final order numbering KAT-VAT-E-001/APP/CST/1763/2013-14/17-18/B-1273 dated May 26, 2017 was passed by the appellate authority setting aside the order of assessing authority and directing the assessing authority to grant sufficient opportunity to the Company to produce books of accounts and assess the Company afresh under Section 7 of the MVAT Act, 2002. Further, the assessing authority was directed to check the challan/s part payment made by the Company and grant appropriate credit in the fresh assessment order. The matter is now pending before the assessing authority for disposal.

The amount in dispute is ₹ 42.67 Lakhs.

**The total amount in dispute for VAT cases is ₹ 532.27 Lakhs, with following details:**

**(Amount ₹ in Lakhs)**

Assessment Year	Date of Assessment Order	Demand under CST	Demand under MVAT	Amount of ITC allowed	Amount of excess VAT adjusted against CST demand	Total demand under CST	Total demand under MVAT	Total Waiver(s)	Part Payment	Total disputed amount
2005-06	March 13, 2015	NA	49.90	NA	NA	NA	NA	NA	7.23	42.67
2010-11	July 22, 2014	17.42	91.86	NA	NA	7.17	77.36	NA	24.75	84.53
2011-	September	N.A.	222.48	NA	NA	NA	NA	NA	NA	222.48

12	r 29, 2017									
2013-14	March 21, 2018	98.19	84.40	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	182.59

## **EXCISE CASES:**

### **For the Financial Year 2012-13**

An Order numbering PK/04/Appeal/Thane/TR/2017-18 dated August 31, 2017 has been passed by the Commissioner (Appeals) CGST & Central Excise, Appeals Thane against the Order-In-Original Numbering 27/2016-17 dated February 22, 2017 passed by the Deputy Commissioner of Central Excise, Kalyan-IV. The Company was selected under EA-2000 for scrutiny wherein ER -1 return for the Financial Year 2012-13 was scrutinised and it was noticed that the Company had availed CENVAT credit twice on some bill entry nos. upto a tune of ₹ 37.26 Lakhs. The said notice also stated that the Company had reversed the inadmissible CENEVAT credit and it was alleged by the Excise department that the Company had deliberately suppressed the facts from them. The personal hearing in the matter was fixed and the Company was not able to appear and therefore, an adjudication order dated February 22, 2017 was passed against the Company by the Deputy Commissioner of Central Excise(DCCE), Division Kalyan-IV confirming the demand of ₹ 37.26 Lakhs, penalty under section 11AC and also interest under 11AA of the Central Excise Act, 1944 read with Rule 15(2) of the CENEVAT Credit Rules, 2004. Aggrieved by the said order the Company filed an appeal before the Commissioner of CGST and Excise Appeals, Thane, Mumbai stating that the credit was a clerical mistake and that it has also reversed the entry and therefore, interest and penalty may not be imposed. The appellate authority in its order dated August 31, 2017 rejected the claim of the Company while upholding the order passed by DCCE. Aggrieved, the Company has filed further appeal dated December 4, 2017 before the Assistant Registrar, CESAT, West Zonal Bench, Mumbai and paid ₹ 0.10 Lakhs towards appeal fees. The said appeal is pending before authority for disposal.

The amount in dispute is ₹ 37.16 Lakhs.

### **TDS Cases**

On the TRACES (TDS Reconciliation Analysis and Correction Enabling System) website of Income Tax for TDS, there are Net Payables of TDS by the Company in following financial years:

<b>S. No.</b>	<b>Financial Year</b>	<b>Net Payable (Amount in ₹)</b>
1.	2010-2011	460
2.	2011-2012	1,94,310
3.	2012-2013	470
4.	2013-2014	3030
5.	2014-2015	4,570
6.	2015-2016	6,130
7.	2016-2017	560
	<b>Total</b>	<b>2,09,530</b>

### **Other Proceedings**

### **1. Application No. 1738 of 2017- Ela Enterprises Vs Omkar Speciality Chemicals Limited**

An application under Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 has been filed by Ela Enterprises as an Operational Creditor, through Rohini Hemant Paraskar, Proprietor against the Company (Corporate Debtor) before National Company Law Tribunal, Mumbai Bench at Mumbai. As per said application, the Company, as on November 11, 2017 owes Ela Enterprises a sum of ₹107.63 Lakhs on account for payment of wages to contractors, workers as supplied by the Petitioner. As per the application filed by the Petitioner there is no security created in favour of the Operational Creditor on account of amount owed by the Company. The matter is currently pending before the Tribunal for disposal.

The amount in dispute is ₹ 107.63 Lakhs.

### **2. MIQ Logistics India Private Limited Vs Omkar Speciality Chemicals Limited- Company Petition No. 799 of 2016 For Winding Up**

A company petition numbering 799 of 2016 was filed before the Hon'ble High Court of Bombay by MIQ Logistics India Private Limited (the Petitioner) against our Company (the Respondent) for amount owed to the Petitioner on account of re-export of cargo containing 1000 Kgs. of Potassium Iodate from Manila Port, Philippines. As per the said petition the Company had contracted MIQ Logistics India Private Limited for export of aforesaid cargo to Manila, Philippines. The said cargo could not get cleared from the port due to expiry of L/C and was abandoned and remained unclaimed. At the request of the Company the said cargo was re-exported to India approving the charges to be payable to shipping line and for demurrage. Further, as per the petition the Petitioner on account of non-payment of charges to a tune of ₹ 30.75 Lakhs along with interest @2% per month amounting to ₹ 4.92 Lakhs which aggregates to ₹ 35.67 Lakhs filed application under Section 433 and 434 of the Companies Act, 2013 praying winding up of the Company and for appointment Official Liquidator. The Petitioner also claimed interest @ 24% p.a. till the time the amount is not realized by it from the Company. Since, all matters pertaining to winding-up of companies were transferred from respective High Courts to National Company Law Tribunal by way of Notification No. G.S.R. III9 (E) & S.O. 3676 (E) dated December 7, 2016 and Notification No. G.S.R. 175 (E) dated February 28, 2017 issued by Ministry of Corporate Affairs, Government of India the aforesaid matter was also transferred to National Company Law Tribunal, Bench-I, Mumbai. Currently the matter is pending before the Tribunal for disposal.

### **Default on account of bank/financial institutions dues**

1. As on the date of this Draft Letter of Offer, there are delays/defaults in respect of interest payment/instalments to lenders. The Company's accounts with lenders have always been regular except during last quarter ended March 31, 2018 on account of severe financial crunch being faced by the Company subsequent to demerger. Total outstanding dues against the working capital facilities and term loans including cash credit with Bank of Baroda, NKGSB Co-op. Bank Limited and Axis Bank are ₹ 14548.77 Lakhs, ₹ 2498.69 Lakhs and ₹ 1037.75 Lakhs respectively as on May 21, 2018, the details of which are as under:

Name of Lender	Nature of facility	Amount sanctioned (₹ in lakhs)	Amount outstanding as on May 21, 2018 (₹ in lakhs)	Amount of default (₹ in lakhs)	Delayed period (no. of days)
Bank of Baroda	Term Loan	4046.00	3790.95	432.93	51-141days
Bank of Baroda	Cash Credit (Stocks & Debt)	4600.00	10757.82*	5419.95	51-141 days
Bank of Baroda	Letter of Credit	6000.00			
NKGSB Co-operative Bank Ltd.	Working capital	2500.00	2498.69	27.37	Dues as on March 31, 2018
Axis Bank	Bill discounting	1000.00	1037.75	38.28	21-110 days

\* The outstanding amount of ₹ 10757.82 lakhs include Cash Credit and Letter of Credit availed from Bank of Baroda.

## 2. Notice under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act)

Our Company has received a Notice dated April 5, 2018 under Section 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) from one of its Lenders, viz. Bank of Baroda (BOB) informing about classification of their account as non-performing asset as on March 30, 2018. BOB has demanded that the Company should pay in full and discharge its liability towards bank aggregating to ₹ 17090 lakhs plus interest with retrospective effect from the respective dates of various bills purchased by the Bank, within 60 days from the date of notice. Vide the said Notice, BOB has also stated that in case of failure of the Company to comply, it shall exercise all or any of the rights under Section 13(4) to recover its debt which, inter-alia, include possession of the secured assets, takeover of management, appointment of any person to manage the secured assets, etc.

The Company has submitted its reply dated April 18, 2018, with the following submissions:

1) With respect to the Term Loan IV (ECB), with the liability of ₹ 24.23 Crores + applicable interest as mentioned in the Bank Notice, the same relates to ECB Loan given for our Unit No. V situated at D-27/5, Lote Parshuram Indl. Area, Taluka Khed, Dist: Ratnagiri which stands transferred to our demerged Company, M/s. Lasa Supergenerics Ltd. vide NCLT Order dated 13.07.2017. M/s. Lasa Supergenerics Ltd is ready for execution of the necessary documents and registration of charge with ROC, with simultaneous cancellation / satisfaction of charge in Omkar Speciality Chemicals Ltd.



*2) In lieu of the securities transferred to M/s. Lasa Supergenerics Ltd., we have already offered to create mortgage for alternate assets, sufficiently adequate to cover Bank exposure of loan.*

*3) Considering the current overdues issues at our end, the Company has decided to raise equity capital through rights issue. We will be requiring consent from the Bank for raising the capital through Rights Issue. A necessary letter in this regard has been submitted to the Bank on 09.04.2018.*

Both the Notice from Bank of Baroda and our Company's reply have been disclosed as part of material documents for inspection.

Further, Axis Bank Limited vide their letter dated May 19, 2018 have also classified company's account as non-performing and advised the Company to pay the entire dues alongwith interest, failing which the bank will invoke personal guarantee and initiate legal action for recovery of dues.

## **LITIGATION BY OUR COMPANY**

### ***Other Proceedings***

#### **Civil Suit numbering 202257 of 2017 filed by the Company against MIQ Logistics India Private Limited**

A Civil Suit numbering 202257/2017 under Order VII, Rule 2 of the Code of Civil Procedure, 1908 has been filed by the Company against MIQ Logistics India Private Limited ("MIQ") before the Hon'ble City Civil Court at Dindoshi, Mumbai for recovery of a principal amount of ₹ 15.54 Lakhs along with along with 18% p.a. amounting to ₹ 8.00 Lakhs and penalty of ₹ 8.89 Lakhs aggregating to sum of ₹ 32.43 Lakhs which is a debt or liquidated damages/loss suffered by the Company. As per the plaint the Company approached MIQ to facilitate the transport of cargo containing materials from port of Mumbai to the port of respective countries. MIQ exported the goods as an authorised agent and payment in relation to same was made. However, MIQ failed to provide documents in respect of export of goods as required to be submitted to the Central Excise Authorities as proof of export. Due to failure in submitting the aforesaid documents by MIQ, the Company failed to establish exports made under the invoices and further received various notices from authorities with regard to production of documents. The plaint further states that MIQ with a malafide intention, has not provided the documents as the Company was objecting to one of the transactions where an invoice issued by MIQ was disputed on account of an exorbitant cost as against the mutually decided cost. Further, MIQ also arranged for a meeting for settlement of dues. However, prior to said meeting and without the knowledge of the Company, MIQ filed a winding up petition before the Hon'ble High Court of Bombay (now transferred to National Company Law Tribunal, Mumbai). Therefore, the Company filed the aforesaid civil suit against MIQ praying for it directions against MIQ to deposit the suit claim or its properties be attached by and under the orders and directions of the Hon'ble Court for the purposes of satisfaction of suit claim. Currently, the matter is at the stage of framing of issues and is pending before the Hon'ble Court for disposal.

**Dues owed to Creditors**

Our Board has approved that dues owed by our Company to creditors exceeding 1% of total revenues of the Company would be considered as material dues for our Company. Our Company, in its ordinary course of business, has 314 creditors to whom outstanding dues to a tune of ₹ ₹ 2611.94 Lakhs are owed as of March 31, 2018 (un-audited), details of which are as under:

<b>Particulars</b>	<b>Number of Creditors</b>	<b>Amount Due (₹ in Lakhs)</b>
Dues to Material Creditors	4	1322.73
Other creditors (Excluding Material Creditors)	310	1289.21
<b>Total</b>	314	2611.94

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at [www.omkarchemicals.com](http://www.omkarchemicals.com). It is clarified that such details available on our website do not form a part of this Draft Letter of Offer and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

## **Government Approvals or licensing arrangements**

*We have obtained the necessary consents, licenses, permissions and approvals from various governmental and regulatory authorities that are required for carrying on our present business. Some of the approvals and licenses that we require for our present business operations may expire in the ordinary course of business, and we will apply for their renewal from time to time.*

*Stated below are the details of the approvals applied for as on the date of this Draft Letter of Offer, but not yet received:*

### **I. Approvals for the Issue**

#### ***Approvals of the Company***

The Board of our Company has, pursuant to resolutions passed at its meeting held on June 16, 2017 authorised the Right Issue, subject to approval by the shareholders of our Company under section 62(1)(a) of the Companies Act, 2013.

The shareholders of our Company have, pursuant to a special resolution passed in AGM held on September 27, 2017 under section 62(1)(a) of the Companies Act, 2013, authorised the Issue.

#### ***Approvals from Stock Exchange***

Our Company has received an in-principle approval from BSE and NSE dated [●] for listing of equity shares issued pursuant to the Issue.

### **II. Approvals obtained by our Company**

The following renewal is pending as on date in respect of business operations:

#### **(a) Unit located at W-83 C, MIDC, Badlapur(C), Thane**

(licenses currently in the name of Rishichem Research Limited which stands merged with Company with effect from April 01, 2015)


<b>Sr. No.</b>	<b>Nature of license/approval</b>	<b>Registration No./License No.</b>	<b>Issuing Authority</b>	<b>Validity</b>	<b>Status</b>
<b>1.</b>	Consent to operate (under Section 26 of the Water (Prevention and Control) Act, 1974, Section 21 of Air (Prevention and Control) Act, 1981, Authorization / renewal of authorization under rule 5 of the Hazardous Wastes (Management and Handling &	MPCB/13/07993	Maharashtra Pollution Control Board	September 30, 2017	Applied for

	Transboundary Movement) Rules, 2008				
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**III. Pending Approvals applied but not obtained by the Company**

**NIL**

**IV. Approvals obtained in relation to Intellectual property rights:**

S. No.	Trademark/Logo	Registration/ Application No.	Class	Registration/ Application Date	Status/ Validity
1.		1982151	1	June 21, 2010	Registered June 21, 2020

**Additionally, the Company has the following patents registered in its name:**

S. No.	Application No.	Patent Number	Title of invention	Applicant	Date of Granting of the Patent
1.	2307/MUM/2010	262739	Process for Producing 5-IODO-2-Methylbenzoic Acid	Omkar Speciality Chemicals Limited	September 10, 2014
2.	2308/MUM/2010	263298	A process for Producing Benzeneseleninic Anhydride	Omkar Speciality Chemicals Limited	October 17, 2014
3.	1825/MUM/2012	274805	Process for Producing 2-Hydroxy-3, 5-DIiodobenzoic Acid	Omkar Speciality Chemicals Limited	August 10, 2016
4.	2007/MUM/2012	277828	Process for Preparation of Higher Derivatives of B-Ketoester	Omkar Speciality Chemicals Limited	December 01, 2016
5.	1684/MUM/2012	287455	Process for Terminal Dihaloalkane	Omkar Speciality Chemicals Limited	September 18, 2017
6.	937/MUM/2011	292064	Process for Preparation of Alkali Metal iodide	Omkar Speciality Chemicals Limited	January 24, 2018

**The Company has further applied for the following patents. The details of patent and their status are as follows:**

S. No.	Application No.	Patent Number	Title of invention	Applicant	Date of Filing	Status
1.	1482/MUM/2013	Pending	Method for Production of 2, 3-Dihydroxy-1, 2-Benzisothiazol-3-one-1, 1-Dioxide	Omkar Specialty Chemicals Limited	April 23, 2013	Pending Application examined (FER Issued)
2.	775/MUM/2015	Pending	Efficient Iodination of Alkane	Omkar Specialty Chemicals Limited	March 10, 2015	Pending Application published
3.	776/MUM/2015	Pending	A process for preparation of Halquinol Product	Omkar Specialty Chemicals Limited	March 10, 2015	Pending Application awaiting examination
4.	863/MUM/2015	Pending	Efficient Process for preparing Coumarin	Omkar Specialty Chemicals Limited	March 16, 2015	Pending Application published
5.	1886/MUM/2015	Pending	Efficient, Economic and eco-Friendly Process for the preparation of 4-Bromo-Ortho-Phenylene-Diamine	Omkar Specialty Chemicals Limited	May 13, 2015	Pending Application published
6.	201721023908	Pending	A Novel Catalytic Process for Preparation of Coumarin to Obtain High Yield and Superfine Quality Product [COUMARIN]	Omkar Specialty Chemicals Limited	July 17, 2017	Application not published
7.	201821007870	Pending	Process for preparation of Amiodarone Key Intermediate 2-Butyl-3-(3,5-DIODO-4-Hydroxybenzoyl) Benzo	Omkar Specialty Chemicals Limited	March 2, 2018	Application not published

## **SECTION VIII – OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors passed at their meeting held on June 16, 2017 under section 62 (1) (a) of the Companies Act, 2013 and by Shareholders on September 27, 2017. The Issue Price of ₹ [●] per Rights Equity Share has been determined by the Board and the Rights Entitlement is two Rights Equity Share for every one fully paid-up Equity Shares held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from the BSE and NSE for listing of the Equity Shares to be allotted in the Issue pursuant to BSE and NSE letter dated [●] and [●] respectively.

### **RBI Approval for Renunciation**

Our Company applied to the RBI for seeking approval for renunciation of the Rights Entitlement by (a) an Equity Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Equity Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Equity Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs).

Our Company has received the approval from RBI vide letter dated [●], whereby the RBI has conveyed its approval of rights entitlements renounced by, and to, persons/entities outside India/ resident in India subject to adherence of Regulation 6 of the FEMA 20/2000-RB dated May 3, 2000, as amended. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

### **Prohibition by SEBI or RBI**

Our Company, the Promoter, Promoter Group, the Directors, the persons in control of our Company or the persons in control of our Promoter and Promoter Group have not been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Promoter, member(s) of Promoter Group, the Directors, was or also is a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of the Directors of the Company are associated with the capital market in any manner. SEBI has not initiated action against any entity with which the Directors are associated.

Further, none of the Company, Directors, Promoter and member(s) of Promoter Group, the relatives of the Promoter, Promoter Group and the Group Companies have been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

**Eligibility for the Issue**

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Presently, the Equity Shares of the Company are listed on the BSE and NSE. Our Company is eligible to offer the Rights Equity Shares pursuant to the Issue in terms of Chapter IV of the ICDR Regulations.

**Compliance with Regulation 4(2) of the SEBI ICDR Regulations**

Our Company is in compliance with requirements of Reg. 4(2) of the SEBI ICDR Regulations, 2009 to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to this Issue. Our Company has chosen [●] as the Designated Stock Exchange in relation to the Issue.

**Compliance with Part E of Schedule VIII of SEBI ICDR Regulations**

Our Company is eligible to make reduced disclosures in the Draft Letter of Offer as per Part E of Schedule VIII of the SEBI ICDR Regulations as we are in compliance with the following:

- a. our Company has been filing periodic reports, statements and information in compliance with the Listing Regulations for the last three years immediately preceding the date of filing this Draft Letter of Offer with SEBI;
- b. the reports, statements and information referred to in sub-clause (a) above are available on the website of recognized Stock Exchanges with nationwide trading terminals (i.e. BSE & NSE) or on a common e-filing platform specified by SEBI;
- c. our Company has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee (erstwhile Shareholders' or Investors' Grievance Committee) at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Our Company further confirms that it is not a company:

- a) Whose management has undergone change pursuant to acquisition of control in accordance with the provisions of the Takeover Regulations or SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and is making a rights issue of specific securities for the first time subsequent to such change;
- b) Whose specified securities have been listed consequent to relaxation granted by SEBI under sub-rule(7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957 for listing of its specified securities pursuant to a scheme sanctioned by a High Court under the relevant provisions of the Companies Act and is making a rights issue of specified securities for the first time subsequent to such listing.

Accordingly, disclosures in this Draft Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI ICDR Regulations.

**SEBI Disclaimer clause**

**AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, ALMONDZ GLOBAL SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, ALMONDZ GLOBAL SECURITIES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, ALMONDZ GLOBAL SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 23, 2018 WHICH READS AS FOLLOWS:**

- “1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,**

**WE CONFIRM THAT:**

- (A) THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**



- (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (C) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOT APPLICABLE AS THE ISSUE IS NOT UNDERWRITTEN.
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. – NOT APPLICABLE
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATIONS HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER. - NOT APPLICABLE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (c) AND (d) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN

**AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.**

- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. THE MEMORANDUM OF ASSOCIATION OF THE COMPANY DOES NOT SEGREGATE BETWEEN THE 'MAIN OBJECTS' AND 'OTHER OBJECTS'. THE ACTIVITIES THAT ARE CARRIED OUT AND HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 (3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009;**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. COMPLIED WITH**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION. COMPLIED WITH**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**
  - (A) "AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY; AND**
  - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH**

**DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.”**

- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. – NOTED FOR COMPLIANCE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC. COMPLIED WITH;**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. COMPLIED WITH;**
- 16. WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)’, AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED SEPTEMBER 27, 2011. – NOT APPLICABLE FOR RIGHTS ISSUE**
- 17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY AND INCLUDED IN THIS DRAFT LETTER OF OFFER.**

**THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 34 AND 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER, RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.**

#### **Caution**

#### **Disclaimer statement from our Company and the Lead Manager**

Our Company and the Lead Manager, namely Almondz Global Securities Limited, accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisement or any other material issued by or at the instance of our

Company and that anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the issue will be deemed to have been represented by our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company, and are relying on independent advice/evaluation as to their ability and quantum of investment in this Issue.

We and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with the SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

**Applicants will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares and that they shall not issue, sell, pledge or transfer their Rights Entitlement or Rights Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Investor on whether such Investor is eligible to acquire any Rights Equity Shares.**

The Lead Manager and its affiliates may engage in transactions with, and perform services for, our Company and our group entities or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our group entities or affiliates, for which they have received, and may in the future receive, compensation.

**Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

**Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue will be the [●].

**Disclaimer Clause of the Stock Exchange**

[●]

**Filing with SEBI**

The Draft Letter of Offer was filed with the Corporation Finance Department of the SEBI, located at Mumbai, India for its observations. Pursuant to the observations received from SEBI, this Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the Companies Act.

**Issue Related Expenses**

The total expenses of the Issue are estimated to be approximately ₹ [●] lakhs. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, Banker(s) to the Issue, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses.

The estimated Issue expenses are as under:

<b>Particulars</b>	<b>Estimated Expenses ₹ in lakhs</b>	<b>% of estimated issue size</b>	<b>% of estimated issue expenses</b>
Fee to Intermediaries (Lead Managers, Registrars, Legal Counsel, audit / chartered accountant, or other service providers, etc.), commission to SCSBs and statutory fees	[●]	[●]	[●]
Advertising, travelling and marketing expenses	[●]	[●]	[●]
Printing, postage and stationery expenses	[●]	[●]	[●]
Miscellaneous and other expenses	[●]	[●]	[●]
Total Estimated Issue expenses	[●]	[●]	[●]

**Listing on the Stock Exchange**

The existing Equity Shares of our Company are listed on the BSE and NSE. We have made an application to the BSE and NSE for obtaining 'in-principle' approval in respect of the Rights Issue Equity Shares, and have received the same from them by way of their letters dated [●] and [●] respectively. We will apply to the BSE and NSE for listing and trading approvals in respect of the Rights Issue Equity Shares.

If the permission to deal in and for an official quotation of the securities is not granted by the BSE and NSE, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 (fifteen) days from the Issue Closing Date.

If such money is not repaid becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 (fifteen) days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

### **Important**

- This Issue is made to only Eligible Equity Shareholders as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and as appearing in the register of members of our Company in respect of Equity Shares held in the physical form, at the close of business hours on the Record Date i.e. [●], after giving effect to the valid share transfers lodged with our Company up to the Record Date.
- Your attention is drawn to the section titled “*Risk Factors*” on page 15 of this Draft LOF.
- Please ensure that you have received the CAF with the Abridged Letter of Offer.
- Please read the Letter of Offer, the Abridged Letter of Offer, the CAF, and the instructions contained therein carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of the Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer, the Abridged Letter of Offer or the CAF.
- All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer or the CAF should be addressed to the Registrar to the Issue, quoting the registered folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- All information shall be made available to the Investors by the Lead Manager and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports.
- The Lead Manager and our Company shall update the Draft Letter of Offer/Letter of Offer and keep the public informed of any material changes until the listing and trading commences.

### **Consents**

Consents in writing of the Directors, the Statutory Auditors, the Lead Manager, the Legal Counsel to the Issue, the Legal Advisor to the Company, the Registrar to the Issue and the Banker(s) to the Issue to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

Desai Saksena & Associates, Chartered Accountants, our Statutory Auditors, have given their written consent for the inclusion of their report appearing in this Letter of Offer and such consent and report have not been withdrawn up to the date of this Letter of Offer.

**Issue Schedule**

ISSUE OPENS ON	[•]
LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORM	[•]
ISSUE CLOSES ON	[•]

The Board may however decide to extend the Issue period, as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date or such other period as may be specified by the SEBI.

**Investor Grievances arising out of the Issue**

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The agreement between the Company and the Registrar provides for a period for which records shall be retained by the Registrar in order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as Folio No. / Demat Account No., name and address, contact telephone/ cell numbers, email id of the first Applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The Company is registered with the SEBI Complaints Redress System ("SCORES") as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by the Company.

The average time taken by the Registrar to the Issue for attending to routine grievances will be within 30 (thirty) days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue at:

**Bigshare Services Private Limited**

Bharat Tin Works Building, 1st Floor,

Opp. Vasant Oasis, Makwana Road, Marol,

Andheri(East), Mumbai - 400 059

Tel.: +91-22-6263 8200

Fax: +91-22-6263 8299

Email: [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)

Website: [www.bigshareonline.com](http://www.bigshareonline.com)

Contact Person: Mr. Ashish Bhope

Investor grievance Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matters such as non-receipt of letter of Allotment, credit of Equity Shares or Refund Orders and such other matters.

**Company Secretary & Compliance Officer**

Mr. Sunny Dada Pagare  
B-34, MIDC, Badlapur (E), Thane- 421503  
Maharashtra  
Tel. No.: +91-251-2690651/2697340  
Fax No.: +91-251-2697347/2691572  
Website: [www.omkarchemicals.com](http://www.omkarchemicals.com)  
Email: [cs@omkarchemicals.com](mailto:cs@omkarchemicals.com)

**Status of outstanding investor complaints**

As on the date of this Draft Letter of Offer, there were no outstanding investor complaints.

**Changes in Auditors**

There has been no change in the Auditors of the Company during the last three years except that M/s Desai Saksena & Associates, Chartered Accountants, has been appointed as Statutory Auditor in place of M/s JPJ Associates. Chartered Accountant pursuant to Shareholders approval dated September 27, 2017.



## **SECTION IX: OFFERING INFORMATION**

### **Terms of the Issue**

*This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. The Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer.*

### **OVERVIEW**

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the CAF enclosed with the Letter of Offer, the SAF, the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, FEMA, the ICDR Regulations, the Listing Regulations, any other regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by the SEBI, the RBI, the Government of India and/or other statutory and regulatory authorities and bodies from time to time, and the terms and conditions as stipulated in the Allotment advice or letters of Allotment or share certificate and rules as may be applicable and introduced from time to time.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute under and including any court proceedings and / or currently under transmission or are held in a demat suspense account pursuant to the Regulation 39 of the Listing Regulation and for which our Company has withheld the dividend, shall be held in abeyance and the CAFs in relation to these Rights Entitlement shall not be dispatched pending resolution of the dispute / completion of the transmission or pending the release of Equity Shares from demat suspense account. On submission of such documents / records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases, to the satisfaction of the Issuer, the Issuer shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares with respect to these Rights Entitlement at the Issue Price of ₹ [●] per Rights Equity Share as adjusted for any bonus shares, consolidation or spilt of shares (as may be applicable) in accordance with the provisions of the Companies Act, 2013 and all other applicable laws.

### **Renouncees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

### **The ASBA Facility**

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIBs, Non-Institutional Investors (including all companies and bodies corporate) and other investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009.**

**Further, all QIBs and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000. The Investors who are (i) not QIBs; (ii) not Non-Institutional Investors; or (iii) investors whose application amount is not more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. Accordingly, an eligible ASBA Investor is an Investor who:**

- holds the Equity Shares in dematerialised form as on the Record Date and has applied towards
- his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- has not renounced his/her Rights Entitlements in full or in part;
- is not a Renouncee; and
- applies through a bank account maintained with one of the SCSBs.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

**Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.**

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Further, in terms of the SEBI circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

#### **Authority for the Issue**

The Issue has been authorised by a resolution of our Board passed at its meetings held on June 16, 2017 pursuant to Section 62(1)(a) of the Companies Act, 2013 and by Shareholders in their meeting held on September 27, 2017.

#### **Basis for the Issue**

The Rights Equity Shares are being offered for subscription for cash to those existing Eligible Equity Shareholders of our Company whose names appear, (i) as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and (ii) on the register of members of our Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e., [●], fixed in consultation with the Stock Exchange. The basis of

allotment for the Rights Equity Shares shall be fixed in consultation with the Stock Exchange.

### **Ranking of Rights Equity Shares**

The Rights Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Rights Equity Shares shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares.

### **Mode of Payment of Dividend**

In the event of declaration of dividend, the Company shall pay dividend to the shareholders of the Company as per the provisions of the Companies Act and the provisions of the Articles of Association.

## **PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE**

### **Face Value**

Each Rights Equity Share shall have the face value of ₹ 10 each.

### **Issue Price**

Each Equity Share is being offered at a price of ₹ [●] (including a premium of ₹ [●] per Equity Share).

### **Terms of payment**

Investors shall have to make full payment of ₹ [●] per Rights Equity Share at the time of making an application.

The payment towards Equity Shares offered will be applied as under:

- (a) ₹ 10 per Rights Equity Share towards Equity Share Capital; and
- (b) ₹ [●] per Rights Equity Share towards securities premium account of our Company.

A separate cheque/demand draft/pay order must accompany each application form.

All payments should be made by cheque/demand draft/pay order drawn on any bank, (including a cooperative bank), which is situated at and is a member or a sub-member of the bankers clearing house located at the center where the CAF is accepted. Outstation cheques /money orders/postal orders will not be accepted and CAFs accompanied by such cheque/money orders/postal orders are liable to be rejected. The Registrar to the Issue will not accept any payments against applications, if such payments are made in cash.

Pursuant to the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an applicant has applied for additional Rights Equity Shares and is allotted lesser number of Rights Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 (fifteen) days from the Issue Closing Date. In the event that there is a delay of making refunds beyond

such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

### **Rights Entitlement**

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], you are entitled to the number of Rights Equity Shares as set out in Part A of the CAFs.

**Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs only to Eligible Equity Shareholders who have a registered address in India. The distribution of this Letter of Offer/Abridged Letter of Offer and the issue of securities on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged Letter of Offer/CAF that such person is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, will not be, in any restricted jurisdiction.**

### **Rights Entitlement Ratio**

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of two Rights Equity Shares for every one Equity Shares held on the Record Date.

As your name appears as a beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an equity shareholder of our Company as on the Record Date, you are entitled to the number of Rights Equity Shares as set out in Part A of the CAF enclosed with the Letter of Offer.

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled “*Terms of the Issue – Application on Plain Paper*”.

### **Fractional Entitlements**

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of two Rights Equity Shares for every one Equity Shares held as on the Record Date. Therefore, none of the Eligible Equity Shareholders shall have any fractional entitlement due to the aforesaid ratio.

### **Listing and trading of the Rights Equity Shares proposed to be issued**

Our Company’s existing Equity Shares are currently traded on the BSE (scrip code 533317) and NSE (scrip code OMKARCHEM) under the ISIN INE474L01016. The fully paid up Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange under the existing ISIN for fully paid Equity Shares of our Company. All steps for completion of necessary formalities for listing and commencement of trading in the Equity Shares will be taken within seven

working days from finalization of the basis of allotment. The Company has made applications to these Stock Exchanges seeking 'in-principle' approval for the listing of the Rights Equity Shares pursuant to the Issue in accordance of the Listing Regulations and has received such approval from the BSE and NSE pursuant to letters no. [●] dated [●] respectively. Our Company will apply to the BSE Limited and National Stock Exchange of India Ltd. for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

### ***Rights of the Equity Shareholder***

Subject to applicable laws, Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote either in person or by proxy;
- Right to receive offers for rights equity shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

## **GENERAL TERMS OF THE ISSUE**

### **Market Lot**

The Equity Shares are tradable only in dematerialised form. The market lot for the Equity Shares in dematerialised mode is one Equity Share.

### **Joint-Holders**

Where two or more persons are registered as the holders of any Equity Shares they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association of our Company. In case of joint holders, the CAF would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares.

In case such Eligible Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Eligible Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

### **Nomination**

In terms of Section 72 of the Companies Act, 2013 nomination facility is available for Rights Equity Shares. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the

Rights Equity Shares. A person, being a nominee, becoming entitled to the Rights Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Rights Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Rights Equity Shares, in the event of death of the said holder(s), during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Rights Equity Shares are held by two or more persons, the nominee shall become entitled to receive the Rights Equity Shares only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. An Eligible Equity Shareholder can make the nomination by filling in the relevant portion of the CAF.

In terms of Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 (Ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

**In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant requires changing the nomination, they are requested to inform their respective Depository Participant.**

#### **Subscription by our Promoter and Promoter Group**

Our Promoters and Promoter Group have undertaken vide their letters dated May 23, 2018 to (a) subscribe, to the full extent of their Rights Entitlement or subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to any unsubscribed portion (if any) in the Issue, in compliance with Regulation 10(4) of the Takeover Regulations and the applicable law. Such subscription for Equity Shares over and above their Rights

Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) shall be exempt in terms of Regulation 10(4)(b) of the Takeover Regulations subject to fulfilment of conditions mentioned therein and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue

### **Minimum Subscription**

If our Company does not receive minimum subscription of 90% of the Issue including subscription of any undersubscribed portion by our Promoter/Promoter Group, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under “*Terms of the Issue - Basis of Allotment*” on page 215 of this Draft Letter of Offer.

The outstanding interest free unsecured loan of ₹ 4669.18 lakhs availed from Promoter and members of Promoter Group will be included while calculating minimum subscription and will be treated as promoter’s subscription to their rights entitlement/additional subscription in the proposed Rights Issue.

### **Notices**

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one (1) English national daily newspaper with wide circulation, one (1) Hindi national daily newspaper with wide circulation and one (1) regional language newspaper with wide circulation at the place where our Registered Office is situated and/ or will be sent by ordinary post or registered post or speed post to the registered address of the Eligible Equity Shareholders in India as updated with the Depositories/ registered with the Registrar and Transfer Agent from time to time or the Indian address provided by the Eligible Equity Shareholders from time to time.

### **Offer to Non Resident Eligible Equity Shareholders/Investors**

As per Regulation 6 of Notification No. FEMA 20/2000-RB dated May 3, 2000, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional securities. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.** If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Rights Equity Shares are issued on rights basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF

### **Arrangements for disposal of odd lots**

Our Rights Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence no arrangements for disposal of odd lots are required.

## **PROCEDURE FOR APPLICATION**

### **How to Apply**

The CAF will be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Neither the Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. The request for a duplicate CAF should reach the Registrar to the Issue within seven days from the Issue Opening Date. Eligible Equity Shareholder(s) should note that those who are making the Application in such duplicate CAF should not utilize the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Investor violates any of these requirements, they shall face the risk of rejection of both Applications.

### **The CAF consists of four parts:**

Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;

Part B: Form for renunciation of Rights Equity Shares;

Part C: Form for application of Rights Equity Shares by Renouncee(s); and

Part D: Form for request for SAFs.

Please note that neither the Company nor the Registrar to the Issue, shall be responsible for any delay in the receipt of the CAF/duplicate CAF which is attributable to postal delays or if the CAF/duplicate CAF are misplaced in transit.

### **Options available to the Eligible Equity Shareholders**



The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Renouncee(s), applying for all Rights Equity Shares renounced in their favour, can also apply for additional Rights Equity Shares in the Issue by indicating the details of additional Rights Equity Shares applied in place provided for additional Rights Equity Shares in part C of CAF. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled “*Terms of the Issue – Basis of Allotment*” on page 215 of this Draft Letter of Offer. If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

For Rights Equity Shares being offered under this Issue in the ratio of two Rights Equity Shares for every one Equity Shares held as on the Record Date. Therefore, none of the Eligible Equity Shareholders shall have any fractional entitlement due to the aforesaid ratio.

For further details please refer to the section titled “*Terms of the Issue – Basis of Allotment*” on page 215 of this Draft Letter of Offer.

### **Applications by Overseas Corporate Bodies**

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“**OCBs**”), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003. Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

#### **Renunciation by and/or in favour of Non Residents**

Any renunciation (i) from a resident Indian Eligible Equity Shareholder to a Non Resident, or (ii) from a Non Resident Eligible Equity Shareholder to a resident Indian, or (iii) from a Non Resident Eligible Equity Shareholder to a Non Resident, in light of the RBI Notification No. FEMA 20/2000-RB dated May 03, 2000, would not require approval from RBI, if such renunciation is made on the floor of the exchange, provided that in case of any renunciation from a resident Indian Equity Shareholder to a Non Resident, the offer price for the Rights Equity Shares should not be less than the price at which an offer is made to the resident Eligible Equity Shareholder. Any renunciation through a private arrangement would be subject to applicable pricing requirements prescribed by the RBI and/or seeking appropriate approvals from the RBI in this regard.

**However, the right of renunciation is subject to the express condition that the Board shall be entitled, in its absolute discretion, to reject the request from the renouncees for the allotment of Rights Equity Shares without assigning any reason thereof.**

#### **Renunciation**

The Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Rights Equity Shares in favour of the following Renouncees: (i) more than three (3) persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, the Eligible Equity Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation (i) from a resident Eligible Equity Shareholder to a Non-Resident, or (ii) from a non-resident Eligible Equity Shareholder to a resident, or (iii) from a Non-Resident Eligible Equity Shareholder to a Non-Resident is subject to the renouncer / Renouncee obtaining the necessary approvals, including from the RBI, and such

approvals should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (**OCBs**) have been derecognized as an eligible class of Investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities in terms of Regulation 5(1) of RBI Notification No. 20/ 2000-RB dated May 3, 2000 under the FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route on case by case basis. Equity Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Rights Shares. The Renouncees applying for all the Rights Shares renounced in their favour may also apply for additional Rights Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Rights Shares in favour of any other person.

#### **Procedure for renunciation**

**a) *To renounce all the Rights Equity Shares offered to an Eligible Equity Shareholder in favour of one Renouncee.***

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

**b) *To renounce in part/ or renounce the whole to more than one person(s)***

**If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms.** Please indicate your requirement of Split Application Forms, ("**SAFs**"), in the space provided for this purpose in 'Part D' of the CAF and return the entire CAF to the Registrar to the Issue

so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs, i.e. [●]. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company, the application is liable to be rejected.

**c) Renouncee(s)**

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the Application Money in full. The Renouncee cannot further renounce.

**Change and/or introduction of additional holders**

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above, shall have to be followed. However, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non-ASBA process only to be considered valid for allotment. Please also see section titled "*Terms of the Issue – Basis of Allotment*" on page no. 215 of this Draft Letter of Offer.

**How to Apply**

***Resident Eligible Equity Shareholders***

Applications should be made only on the CAF enclosed with the Letter of Offer. The CAF should be complete in all respects, as explained in the instructions indicated in the CAF. An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "*Terms of the Issue – Application on Plain Paper*". Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by our Company at any offices, except in the case of postal Applications as per instructions given in this Letter of Offer. ASBA Investors shall be required to indicate either in (i) Part A of the CAF, or (ii) a plain paper Application, as to their desire to avail of the ASBA option of payment.

***Non-Resident Eligible Equity Shareholders***

Non Resident Indian applicants can obtain the CAF from the Registrar to the Issue.

**Instructions for Options**

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, by using the CAF as detailed herein:

	<b>Option Available</b>	<b>Action Required</b>
1	Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A ( <i>all joint holders must sign</i> )
2	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including 'Block III' relating to the acceptance of Rights Entitlement and 'Block IV' relating to additional Rights Equity Shares ( <i>all joint holders must sign</i> )
3	<p>Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)</p> <p><b>OR</b></p> <p>Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee</p>	<p>Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for the receipt of requests for Split Application Forms. Splitting will be permitted only once.</p> <p><b>On receipt of the Split Application Form take action as indicated below.</b></p> <p>a) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A.</p> <p>b) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncees.</p> <p>c) Each of the Renouncees should fill in and sign Part C for the Rights Equity Shares accepted by them.</p>
4	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B ( <i>all joint holders must sign</i> ) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C ( <i>All joint Renouncees must sign</i> ).
5	Introduce a joint holder or change the sequence of joint holders.	This will be treated as a renunciation. Fill in and sign Part B and the Renouncees must

	fill in and sign Part C.
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**Please note that:**

- Options 3 – 5 will not be available to Eligible Equity Shareholders applying through the ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders. If used, this will render the Application invalid.
- Request for SAF should be made for a minimum of one Rights Equity Share or, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.
- Request by the Eligible Equity Shareholder(s) for the SAF should reach the Registrar to the Issue on or before [•].
- Only the Eligible Equity Shareholders, to whom the Letter of Offer and/ or Abridged Letter of Offer has been addressed to and not the Renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- Split Application Forms will be sent to the Investor(s) by post at the Applicant's risk.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with our Company/ the Depositories.
- Eligible Equity Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- In the case of a renunciation, the submission of the CAF to the Banker to the Issue at the collecting branches specified on the reverse of the CAF together with Part B of the CAF duly completed shall be conclusive evidence of the right of the person applying for the Rights Equity Shares to receive allotment of such Rights Equity Shares.
- *Non-resident Eligible Equity Shareholders:* Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of Application Money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- Applicants must write their CAF number at the back of the cheque/demand draft.
- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing, hence the CAFs accompanied by non-CTS cheques could get rejected.

**Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 7 (seven) days prior to the Issue Closing Date. Please note that those who are making the application

in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of either original CAF or both the applications. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

### **Application on Plain Paper**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft /cheque/pay order payable at Mumbai, which should be drawn in favour of “OSCL -*Rights Issue - R*” in case of resident shareholders/Investors and shareholders/Investors applying on non-repatriable basis or “OSCL - *Rights Issue - NR*” in case of non-resident shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post/speed post directly to the Registrar to the Issue. The envelope should be superscribed “OSCL - *Rights Issue - R*” in case of resident shareholders/Investors or shareholders/Investors applying on non-repatriable basis or “OSCL – *Rights Issue - NR*” in case of non-resident shareholders/Investors applying on repatriable basis and should be postmarked in India.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Company, being Omkar Speciality Chemicals Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Rights Equity Share;
- Particulars of cheque/demand draft/pay order;
- In case of Equity Shares allotted in physical form, Savings/Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft

confirming that the draft has been issued by debiting the NRE/FCNR/NRO account;

- Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company/Depositories); and
- Additionally, all such Applicants are deemed to have accepted the following:

*"I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933 (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**") or to or for the account or benefit of a "U.S. Person" as defined in Regulation S of the US Securities Act ("**Regulation S**"). I/we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States.*

*I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of us, the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who, we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

*I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence."*

Please note that Eligible Equity Shareholders who are making an application otherwise than on a CAF, (i.e., on plain paper as stated above on page no. 198 of this Draft Letter of Offer), shall not be entitled to renounce their rights and should not utilize the CAF for any purpose, including renunciation, even if it is received subsequently. If the Eligible Equity Shareholder does not comply with any of these requirements, he/she shall face the risk of rejection of both the applications and the Application Money received shall be refunded. However, our Company and/or any Director of our Company or the Lead Manager will, notwithstanding anything to the contrary contained herein, not be liable to pay any interest whatsoever on the Application Money so refunded.

The Eligible Equity Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in the application being rejected, with our Company, the



Lead Manager and the Registrar to the Issue will not having any liability to such Eligible Equity Shareholders.

### **Option to receive Rights Equity Shares in Dematerialized Form**

**ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.**

### **Last date of Application**

The last date for submission of the duly filled in CAF or the plain paper Application is [●]. Our Board or any Committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided under the section titled "*Terms of the Issue - Basis of Allotment*" beginning on page no. 215 of this Draft LOF.

### **Modes of Payment**

Investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that CAFs accompanied by non-CTS cheques are liable to be rejected.

### **Mode of payment for Resident Investors**

- Investors who are applying through CAF and residing at places where the bank collection centres have been opened for collecting applications, are requested to submit their applications at the corresponding collection centre together with cheque/demand draft drawn on any bank (including a co-operative bank), for the full application amount favouring "OSCL - *Rights Issue - R*" and marked 'A/c Payee only'.
- Investors who are applying through CAF and residing at places other than places where the bank collection centres have been opened for collecting applications, are requested to send their applications together with a cheque/demand draft of full amount favouring "OSCL - *Rights Issue - R*" and marked 'A/c Payee only' payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Investors who are applying on plain paper, are requested to send their applications on plain paper together with a cheque/demand draft of full amount for the Rights Equity Shares favouring "OSCL - *Rights Issue - R*" and marked 'A/c Payee only' payable at Mumbai directly to the Registrar to the Issue by registered

post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

### **Mode of payment for Non-Resident Investors**

#### ***Application with Repatriation Benefits***

Investors who are Non-Resident Eligible Equity Shareholders and are applying on a repatriation basis, are required to submit the completed CAF or application on plain paper, as the case may be, along with the payment made through any of the following ways:

- d) By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate).
- e) By Local cheques/demand drafts remitted through normal banking channels or out of funds held in Non- Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance.
- f) FPIs must remit funds from special non-resident rupee deposit account.
- g) For Eligible Equity Shareholders / Investors, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts in favour of “OSCL - *Rights Issue - NR*” and crossed ‘A/c Payee only’ for the amount payable.
- h) For Eligible Equity Shareholders / Investors, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with cheques/demand drafts in favour of “OSCL - *Rights Issue - NR*” payable at Mumbai and crossed ‘A/c Payee only’ for the amount payable so as to reach them on or before the Issue Closing Date.
- i) For Eligible Equity Shareholders/ Investors applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with cheques/demand drafts of the full amount in favour of “OSCL - *Rights Issue - NR*” payable at Mumbai and crossed ‘A/c Payee only’ for the amount payable so as to reach them on or before the Issue Closing Date.

A separate cheque or demand draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their Application Money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our

Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor's bankers.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any.

Payments through Non Resident Ordinary Account (NRO account) will not be permitted.

***Application without repatriation benefits***

For non-residents Eligible Equity Shareholders/Investors applying on a non-repatriation basis, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained and can be deposited at the designated collection centres opened by our Company or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.

For Non Resident Equity Shareholders/ Investors, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts drawn for the full amount after deducting bank and postal charges in favour of "OSCL - Rights Issue - NR" and crossed 'A/c Payee only' for the amount payable.

For Non Resident Eligible Equity Shareholders/ Investors, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with cheques/demand drafts drawn in favour of "OSCL - Rights Issue - NR" payable at Mumbai to be confirmed for so as to reach them on or before the Issue Closing Date.

For Non Resident Eligible Equity Shareholders/ Investors applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with cheques/demand drafts of an amount in favour of "OSCL - Rights Issue - NR" payable at Mumbai for the amount payable so as to reach them on or before the Issue Closing Date.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New dematerialised accounts must be opened for Eligible Equity Shareholders who have had that change in status from resident Indian to NRI. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any, on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mails should not be sent in any other manner except as mentioned above.

The CAF along with the Application Money must not be sent to our Company or the Lead Manager. Investors are requested to strictly adhere to these instructions. Renouncees who are NRIs/FPIs/Non-Resident should submit their respective applications either by hand delivery or by registered post / speed post with acknowledgement due to the Registrar to the Issue only along with the cheque/demand draft payable at Mumbai so that the same are received on or before the closure of the Issue.

### **General instructions for Non-ASBA Investors**

1. Please read the instructions printed on the enclosed CAF carefully.
2. Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application Money does not exceed ₹ 200,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
3. Application should be made on the printed CAF, provided by our Company or a plain paper application and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's/ husband's name must be filled in block letters.
4. The CAF together with cheque/ demand draft should be sent to the Banker(s) to the Issue or to the Registrar to the Issue, and not to our Company, the Lead Manager. Resident applicants residing at places other than cities where the branches of the Banker(s) to the Issue have been authorised by our Company for collecting Applications, will have to make payment by crossed account payee cheques payable at Mumbai or demand drafts/ pay orders payable at Mumbai and marked "OSCL - *Rights Issue - R.*" and send their CAFs to the Registrar to the Issue by registered post/ speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected.
5. Each of the applicants should mention his/ her PAN allotted under the IT Act along with the Application for the purpose of verification of the number. Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, **CAFs without the PAN details will be considered incomplete and are liable to be rejected.**
6. Investors holding Equity Shares in physical form, are advised to provide information as to their savings/ current account number, the nine digit MICR number and the name of the bank, branch with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected.

7. All payment should be made by cheques/ demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the Application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

8. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF or the plain paper Application as per the specimen signature recorded with our Company.

9. In case of an application under a power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a certified true copy of the memorandum and articles of association and/ or bye-laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected.

10. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint applicants who are Renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

11. Application(s) received from Non Residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of Application Money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, dispatch of share certificates, etc. In case a Non Resident Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

12. All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the Allotment Date quoting the name of the first/ sole applicant Eligible Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the Allotment Date, should be sent to the Registrar and Share Transfer Agent, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialised form.

13. SAFs cannot be re-split.

14. Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain Split Application Forms.

15. Applicants must write their CAF number at the back of the cheque/ demand draft.

16. A separate cheque/ demand draft must accompany each CAF. Outstation cheques/ demand drafts or postdated cheques and postal/ money orders will not be accepted and applications accompanied by such cheques/demand drafts/ money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against Application in cash please refer point (f) above).

17. No receipt will be issued for Application Money received. The Banker(s) to the Issue/ Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

18. Our Company shall not allot and/ or register any Rights Equity Shares in favour of any person situated or subject to any jurisdiction where the offering in terms of this Letter of Offer could be illegal.

19. The distribution of this Draft Letter of Offer/Letter of Offer and issue of Rights Equity Shares under the Issue and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for the Rights Equity Shares.

***Do's for non-ASBA Investors:***

- a) Check if you are eligible to apply, i.e. you are an Eligible Equity Shareholder;
- b) Read all the instructions carefully and ensure that the cheque/demand draft option is selected in part A of the CAF and necessary details are filled in;
- c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your DP and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialised form only;
- d) Ensure that your Indian address is available to our Company and the Registrar and Transfer Agent, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- e) Ensure that the value of the cheque/demand draft submitted by you is equal to the (number of Rights Equity Shares applied for) X (Issue Price of Rights Equity Shares, as the case may be) before submission of the CAF;
- f) Ensure that you receive an acknowledgement from the collection centres of the collection bank for your submission of the CAF in physical form;
- g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of Sikkim and officials appointed by the courts;

h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the DP. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF; and

i) Ensure that the Demographic Details are updated, true and correct, in all respects.

***Don'ts for non-ASBA Investors:***

a) Do not apply on duplicate CAF after you have submitted a CAF to a collection centre of the Banker(s) to the Issue;

b) Do not pay the amount payable on Application in cash, by money order or by postal order;

c) Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

d) Do not submit an Application accompanied with Stockinvest; or

e) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

**Grounds for Technical Rejections for non-ASBA Investors**

Investors are advised to note that Applications are liable to be rejected on technical grounds, including the following:

a) Amount paid does not tally with the Application Money payable;

b) Bank account details (for refunds) are not given and the same are not available with the DP (in the case of Equity Shares held in dematerialised form) or the Registrar and Transfer Agent (in the case of Equity Shares held in physical form);

c) Age of the first applicant not given (in case of Renouncees);

d) Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, PAN details not given;

e) PAN in CAF not matching the PAN in the DP ID;

f) In case of CAF under power of attorney or by limited companies, corporate, trust, etc., relevant document are not submitted;

g) If the signature of the existing shareholder does not match with the one given on the CAF and for Renouncees if the signature does not match with the records available with their depositories;

h) If the applicant desires to have Rights Equity Shares in electronic form, but the CAF does not have the applicant's depository account details;

- i) CAF is not submitted by the applicants within the time prescribed as per the CAF and this Letter of Offer;
- j) CAF not duly signed by the sole/ joint applicants;
- k) CAF by OCBs unless accompanied by specific/general approval from the RBI permitting such OCBs to invest in the Issue;
- l) CAF accompanied by Stockinvest/ outstation cheques/ post – dated cheques/ outstation money orders/postal orders/ outstation demand drafts;
- m) CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Rights Equity Shares under the Issue in compliance with all applicable laws and regulations;
- n) CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- o) In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the applicants (including the order of names of joint holders), the DP ID and the beneficiary's identity;
- p) CAFs by ineligible Non Residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;
- q) Renouncee Application either from R to NR, NR to R and NR to NR not accompanied by the RBI approvals (where required) are liable to be rejected
- r) Multiple CAFs, including where an applicant submits a CAF and a plain paper Application;
- s) Duplicate Applications;
- t) In case the GIR number is submitted instead of the PAN;
- u) Applications by persons (including Renouncees) not competent to contract under the Contract Act, 1872, as amended, except Application by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- v) Non-ASBA Applications made by QIBs and Non Institutional Investors who satisfy the ASBA Investor Eligibility Criteria.
- w) The Application by an Eligible Equity Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹ 200,000 and has not done so through the ASBA process.
- x) Submission of CAF to SCSBs.



Please read this Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer or the CAF.

**Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process**

*This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Manager is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.*

*The Lead Manager, the Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.*

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIBs, Non-Institutional Investors (including all companies and bodies corporate) and other investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIBs and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.**

**Accordingly, an eligible ASBA Investor is an Investor who:**

- holds the Equity Shares in dematerialised form as on the Record Date and has applied towards
- his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- has not renounced his/her Rights Entitlements in full or in part;
- is not a Renouncee; and
- applies through a bank account maintained with one of the SCSBs.

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Further, in terms of the SEBI circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making

application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on

<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>.

For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned link.

### **CAF**

The Registrar to the Issue will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one (1) ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

### **Acceptance of the Issue**

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Investors at centres not covered by the branches of the Banker to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Mumbai or a demand draft payable at Mumbai to the Registrar to the Issue by registered post / speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither the Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please see the headings "*Mode of Payment for Resident Equity Shareholders/ Investors*" and "*Mode of Payment for Non-Resident Equity Shareholders/ Investors*" on page no 201 of this Draft Letter of Offer.

**Renunciation under the ASBA Process**

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

**Mode of Payment**

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the ASBA Account. This amount will be transferred in terms of the ICDR Regulations, into the separate bank account maintained by the Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

**Options available to the Eligible Equity Shareholders applying under the ASBA Process**

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

<b>Option Available</b>	<b>Action Required</b>
Accept whole or part of your Rights Entitlement without renouncing the Balance	Fill in and sign Part A ( <i>all joint holders must sign</i> )
Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including 'Block III' relating to the acceptance of Rights Entitlement and 'Block IV' relating to additional Rights Equity Shares ( <i>all joint holders must sign</i> )

**The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the**

**ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.**

**General instructions for Eligible Equity Shareholders applying under the ASBA Process**

1. Please read the instructions printed on the respective CAF carefully.
2. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.
3. The CAF / plain paper application in the ASBA Process should be only at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue/collecting branch of the Banker(s) to the Issue (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue. The onus of due completion and submission of such ASBA applications shall solely be that of the Investor.
4. All Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, **CAFs / plain paper applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Rights Equity Shares shall be made into the accounts of such Investors.**
5. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
6. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF / plain paper application as per the specimen signature recorded with our Company /or Depositories.
7. In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with our Company. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

8. All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number.

9. Only the person or persons to whom the Rights Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

10. Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.

11. Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

12. Eligible Equity Shareholders who have renounced their entitlement in part/full are not entitled to apply using ASBA process.

13. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the section titled "*Terms of the Issue - Application on Plain Paper*" beginning on page 198 of this Draft LOF.

**Do's:**

a) Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in.

b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.

c) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

g) Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the IT Act.

h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

i) Ensure that the Demographic Details are updated, true and correct, in all respects.

j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.

**Don'ts:**

a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

c) Do not pay the amount payable on application in cash, by money order, pay order, postal order, cheque or demand drafts.

d) Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

f) Do not apply if the ASBA account has been used for five Applicants.

g) Do not apply through the ASBA Process if you are not an ASBA Investor.

h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

**Grounds for Technical Rejection under ASBA process**

Applications under the ASBA process are liable to be rejected on the following grounds:

a) Application on a SAF.

b) Application for Allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.

c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

d) Renouncees applying under the ASBA process.

e) Submission of an ASBA Application on plain paper to the Registrar to the Issue.

i) Sending CAF to a Lead Manager / the Registrar to the Issue/ the Registrar and Transfer Agent/ a Collecting Bank (assuming that such Collecting Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Bank.

j) Insufficient funds are available with the SCSB for blocking the amount.

k) Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

l) Submission of more than five CAFs per ASBA Account.

m) ASBA Account holder not signing the CAF or declaration mentioned therein.

n) QIBs, Non-Institutional Investors and Investors applying for Rights Equity Shares in this Issue for value of more than ₹ 200,000 who hold Equity Shares in dematerialised form and is not a Renouncer or Renouncee not applying through the ASBA process.

- o) Application by an Eligible Equity Shareholder whose cumulative value of Securities applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.
- p) Multiple CAFs, including cases where an Eligible Shareholder submits CAFs along with a plain paper application.
- q) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- r) Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- s) Submitting the GIR number instead of the PAN.
- t) Applications by Eligible Equity Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.
- u) ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

#### **Depository account and bank details for ASBA Investors**

**IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

**Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Investors such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.**

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.**

**Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such Applications are liable to be rejected.

### **Transfer of Funds**

The Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA bank accounts for (i) transfer of requisite funds to the separate bank account maintained by our Company as per the provisions of Section 40 (3) of the Companies Act, 2013 (ii) rejected / unsuccessful ASBAs.

In case of failure or withdrawal of the Issue, on receipt of appropriate instructions from the Lead Manager through the Registrar to the Issue, the SCSBs shall unblock the bank accounts latest by the next day of receipt of such information.

### **Underwriting**

The Issue is not underwritten.

### **Issue Schedule**

ISSUE OPENS ON	[•]
Last Date for request for Split Application Form	[•]
ISSUE CLOSES ON	[•]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

### **Basis of Allotment**

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the CAF, the Articles of Association and the approval of the Designated Stock



Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s), who has/ have applied for the Rights Equity Shares renounced in their favour, in full or in part. Allotment to Non-Resident Renouncees shall be subject to the permissible foreign investment limits applicable to our Company under FEMA.

(b) The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of two Rights Equity Shares for every one Equity Shares held as on the Record Date. Therefore, none of the Eligible Equity Shareholders shall have any fractional entitlement due to the aforesaid ratio.

The Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

(c) Allotment to Eligible Equity Shareholders who having applied for the Rights Equity Shares in full and have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board/Committee of Directors of our Company in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential Allotment.

(d) Allotment to the Renouncees, who having applied for the Rights Equity Shares renounced in their favour have also applied for additional Rights Equity Shares, provided there is an under-subscribed portion after making full Allotment in (a), (b) and (c) above. The Allotment of such additional Rights Equity Shares will be made on a proportionate basis at the sole discretion of our Board or any committee of our Board but in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.

(e) Allotment to any other person as our Board may in its absolute discretion deem fit provided there is surplus available after making Allotment under (a), (b), (c), and (d) above, and if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'. Our Promoter and Promoter Group have confirmed that they intend to, either through themselves or through other members of the Promoter and Promoter Group, subscribe to the full extent of their Rights Entitlement, in compliance with Regulation 10(4) of Takeover Regulations. Our Promoter and Promoter Group have also confirmed that they intend to (i) subscribe to additional Rights Equity Shares, and (ii) subscribe for unsubscribed portion in the Issue, if any.

Such subscription to additional Rights Equity Shares and the unsubscribed portion, if any, shall be in accordance with Regulation 10(4) of Takeover Regulations, subject to their shareholding not exceeding 75% of the post-Issue Equity Share capital of the Company. Such subscription for Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding.

Any such acquisition of additional Rights Equity Shares of the Company shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10(4)(a) and 10(4)(b) of the Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

#### **Allotment Advices/Refund Orders**

The Company will issue and dispatch Allotment advice/ share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 (fifteen) working days from the Issue Closing Date. In case of failure to do so, the Company shall pay interest at such rate and within such time as specified under applicable law. Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("**NACH**") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 (fifteen) working days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within two months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's registered address in India or the Indian address provided by the Eligible Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the

details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their Application Money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Nonresident Shareholders or Investors.

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

### **Payment of Refund**

#### **Mode of making refunds**

The payment of refund, if any, would be done through any of the following modes:

1. National Automated Clearing House ("**NACH**") – NACH is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
2. National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS – If the refund amount exceeds ₹ 200,000, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to

receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

### **Refund Payment to Non-Residents**

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and the Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### **Letters of Allotment/Allotment Advice/ Share Certificates/ Demat Credit**

Letters of Allotment/ Allotment advice/ share certificates/demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 15 (fifteen) days, from the Issue Closing Date. In case our Company issues letters of Allotment/Allotment advice, the relative share certificates will be kept ready within two months from the Allotment Date thereof or such extended time as may be approved under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Allottees are requested to preserve such letters of Allotment/ Allotment advice (if any) to be exchanged later for share certificates. Dispatch of letters of Allotment/ Allotment advice (if any)/ share certificates/ demat credit to Non Resident Allottees will be subject to the any applicable approvals of the RBI. Our Company has appointed Bigshare Services Private Limited as the Registrar to the Issue, which has connectivity with both

Depositories, and can therefore, credit the Rights Equity Shares Allotted in dematerialised form.

### **Option to receive Rights Equity Shares in Dematerialized Form**

Investors shall be allotted the Rights Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL and Bigshare Services Private Limited on [•] which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL and Bigshare Services Private Limited on [•], which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In the Issue, the Allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/ or dematerialized form should be made.

### **INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in the electronic form is as under:

1. Open a beneficiary account with any DP (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as is registered in the records of our Company). In case of investors having various folios in our Company with different joint holders, the investors will have to open separate accounts for such holdings.

### **Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.**

2. For Eligible Equity Shareholders already holding Equity Shares in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of this Issue may be made in dematerialised form even if the original

Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in the records of our Company.

3. Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's DP, would rest with the Applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's DP.

4. If incomplete/ incorrect details are given under the heading 'Request for Shares in Electronic Form' in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by the Company as specified in the SEBI circular no.SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.

5. Allotment to investors opting for dematerialised form would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice or letters of Allotment, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's DP will provide to him the confirmation of the credit of such Rights Equity Shares to the applicant's depository account.

6. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment in this Issue. In case these details are incomplete or incorrect, such applications by Renouncees are liable to be rejected. The Company may also instead decide to allot the Rights Equity Shares in physical form to such Renouncees.

7. Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.

8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

#### **Procedure for Application by Mutual Funds**

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made. Applications made by asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

#### **Procedure for Application by FPIs**

In terms of the FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of the Company's post-Issue equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of the Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up

equity share capital of the Company. FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions, which may be specified by the Government from time to time. An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three (3) years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or subaccount has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the FPI Regulations. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

### **Procedure for Applications by AIFs, FVCIs and VCFs**

The VCF Regulations and the FVCI Regulations prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the AIF Regulations prescribe, amongst other things, the investment restrictions on AIFs.

As per the VCF Regulations and FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as category I AIFs, as defined in the AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

### **Investment by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the FEMA Regulations. Applications will not be accepted from NRIs in restricted jurisdictions.

### **Impersonation**

**As a matter of abundant caution, attention of the investors is specifically drawn to the provisions of subsection 38 of the Companies Act, 2013 which is reproduced below:**

*“Any person who –*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.”*

**Dematerialized Dealing**

The Company has entered into agreements dated June 20, 2010 and September 19, 2010 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE474L01016.

**Payment by Stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the stockinvest scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

**Disposal of Application and Application Money**

The Banker(s) to the Issue/ Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Please note that no such acknowledgment will be issued by our Company for the Application Moneys received by us.

In case an Application is rejected in full, the whole of the Application Money received will be refunded.

Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded to the applicant within 15 (fifteen) days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed under applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws in this regard.

For further instruction, please read the CAF carefully.

**Utilization of Issue Proceeds**

Our Board declares that:

- (a) The funds received against this Issue will be transferred to a separate bank account.
- (b) Details of all moneys utilised out of this Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such moneys has been utilised.
- (c) Details of all such un-utilised moneys out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such un-utilised moneys have been invested.
- (d) Our Company shall not have recourse to the Issue proceeds until the basis of allotment is approved by the designated stock exchange.

**Undertakings by our Company**

Our Company undertakes as follows:

- (a) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.



- (b) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Rights Equity Shares are proposed to be listed will be taken within 7 (seven) working days of finalization of Basis of Allotment.
- (c) The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Letter of Offer shall be made available to the Registrar to the Issue by our Company.
- (d) Where refunds are made through electronic transfer of funds, a suitable communication shall be dispatched to the applicants within 15 (fifteen) days of the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (e) The letters of Allotment/ Allotment advice to the NRIs shall be dispatched within the specified time.
- (f) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non ASBA Applications while finalizing the Basis of Allotment.
- (g) No further issue of securities affecting equity capital of our Company shall be made till the securities issued/ offered through this Letter of Offer Issue are listed or till the Application Money are refunded on account of non-listing, under-subscription etc.
- (h) At any given time there shall be only one denomination of Equity Shares of our Company.
- (i) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

### **Important**

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions and must be carefully followed; otherwise the Application is liable to be rejected.
- It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in the section titled “*Risk Factors*” appearing from page no. 15 to 46 of this Draft Letter of Offer.
- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and superscribed “OSCL - *Rights Issue - R*” in case of Resident Investors or Non-Resident Investors applying on non repatriable basis or “OSCL - *Rights Issue - NR*” in case of non-resident shareholders applying on repatriable basis on the envelope) to the Registrar to the Issue at the following address:

**Bigshare Services Private Limited**

Bharat Tin Works Building, 1st Floor,  
Opp. Vasant Oasis, Makwana Road, Marol,  
Andheri(East), Mumbai - 400 059

Tel.: +91-22-6263 8200

Fax: +91-22-6263 8299

Email: [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)

Website: [www.bigshareonline.com](http://www.bigshareonline.com)

Contact Person: Mr. Ashish Bhope

Investor grievance Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

- This Issue will be kept open for a minimum period of 15 (fifteen) days. However, the Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

## **SECTION X: OTHER INFORMATION**

### **Material Contracts and Documents for Inspection**

The following contracts referred to in para (A) *(not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years prior to the date of this Draft Letter of Offer)* which are or may be deemed material have been entered or are to be entered into by us. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at our Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

#### **(A) Material Contracts**

1. Memorandum of Understanding dated May 23, 2018 signed between our Company and Lead Manager.
2. Agreement dated May 23, 2018, between the Company and Registrar to the Issue.
3. Escrow Agreement dated [•], amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

#### **(B) DOCUMENTS FOR INSPECTION**

1. Certified copy of updated Memorandum and Articles of Association of our Company, as amended.
2. Copy of Board resolution and Shareholders resolution dated June 16, 2017 and September 27, 2017 respectively, authorizing the Issue.
3. Resolution of our Rights Issue Committee dated May 23, 2018 approving the draft Letter of Offer.
4. Resolution of the Rights Issue Committee dated [•] finalising the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio
5. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager, Legal Counsel to the Issue, Monitoring Agency, Bankers to the Issue and Registrar to the Issue to include their names in this Letter of Offer to act in their respective capacities.
6. Statement of Special Tax Benefits dated May 14, 2018, by the Statutory Auditor.
7. Limited Review Report of Statutory Auditors in respect of period ended June 30, 2017; September 30, 2017 and December 31, 2017.
8. The audited annual reports of the Company for fiscal years 2013, 2014, 2015, 2016 and 2017.
9. Copy of In-principle approval dated [•] from the BSE and NSE.

10. Due Diligence Certificate dated May 23, 2018, by the Lead Manager to the Issue.
11. Observation letter no. [•] dated [•], received from SEBI.
12. Copy of tripartite Agreement dated June 20, 2010, between the Company, NSDL and Registrars.
13. Copy of tripartite Agreement dated September 19, 2010 between the Company, CDSL and Registrars.
14. Copy of NCLT order dated May 13, 2017 in respect of merger/demerger.
15. Copy of deed of disassociation dated July 22, 2017.
16. Certified copy of Shareholder's resolution dated September 27, 2017 in respect of reclassification of Promoter and copy of our letter dated July 27, 2017 addressed to Stock Exchanges in this regard.
17. Copy of letters of Bank of Baroda and Axis Bank Limited dated April 5, 2018 and May 19, 2018 classifying our account as non-performing.
18. Copy of our reply to Bank of Baroda vide our letters dated April 18, 2018
19. Copy of certificate received from Independent Chartered Accountant in relation to utilization of credit facilities and unsecured loans.

Any of the contracts or documents mentioned in this Draft Letter of Offer as may be amended or modified at any time, if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act, 2013 and other relevant statutes.

## DECLARATION

All the relevant provisions of the Companies Act, 2013, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. The Company further certifies that all statements in this Draft Letter of Offer are true and correct.

### **SIGNED BY ALL THE DIRECTORS AND SENIOR MANAGER (FINANCE & ACCOUNTS) OF OMKAR SPECIALITY CHEMICALS LIMITED**

Sd/- Mr. Pravin S. Herlekar Chairman & Managing Director	Sd/- Mr. Rishikesh P. Herlekar Wholetime Director
Sd/- Mr. Prakash H. Rao Executive Director	Sd/- Dr. Vikas Telvekar Independent Director
Sd/- Mr. Laxmikant Kabra Non-Executive & Non-Independent Director	Sd/- Mr. Sitendu K. Sharma Independent Director
Sd/- Mrs. Sanjivani S. Patare Independent Director	Sd/- Ms. Bhavana Parmanand Shewakramani Independent Director
Sd/- Mr. Vaman Acharya Senior Manager (Finance & Accounts)	

Date: May 23, 2018

Place: Badlapur, Thane, Maharashtra