



ANNUAL REPORT 2010-11

Dear Friends,

As you are all aware, your Company entered into the Capital market and got listed in the month of February, 2011 on BSE & NSE.

All, the Board Members of the Company will like to express their thanks to the investor community in general and our shareholders in particulars for their overwhelming support extended to the Company during the IPO.

The Company would also like to place on records and appreciate the efforts taken by the Merchant Bankers, Bankers to the Issue, our Bankers Bank of Baroda and all other agencies who have been instrumental in making our IPO a great success.

With warm regards

Yours Truly




Mr. Pravin S. Herlekar
Chairman & Managing Director




Mr. Omkar P. Herlekar
Whole-time Director

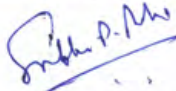



Mr. Amit A. Pandit
Director

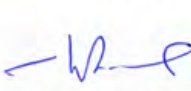



Dr. Vikas N. Telvekar
Director




Mr. Subhash P. Mali
Director




Mr. Suhas M. Rane
Director



CONTENTS

1. Chairman's Statement
 2. Notice & Explanatory Statement
 3. Directors' Report
 4. Corporate Governance Report
 5. Management Discussion and Analysis Report
 6. Auditors Report
 7. Annexures to the Auditors Report
 8. Balance sheet
 9. Profit & loss A/c
 10. Cash Flow Statement
 11. Schedule forming part of Profit & Loss Account
 12. Notes to schedules of above
 13. Schedule forming part of Balance Sheet
 14. Notes on Balance Sheet & Profit & Loss Account
 15. Consolidated financial Statements
 16. Summary of Financial information of Subsidiary companies
 17. Proxy / Attendance slip
- 



OMKAR

Always the leaders



Mr. Subhash P. Mali
Director

Mr. Omkar P. Herlekar
Whole-time Director

Dr. Vikas N. Telvekar
Director

Mr. Pravin S. Herlekar
Chairman & Managing Director

Prof. Suhas M. Rane
Director

Mr. Amit A. Pandit
Director

THE **B**OARD OF DIRECTORS



OMKAR
Always the leaders



THE **M**ANAGEMENT TEAMS



OMKAR SPECIALITY CHEMICALS LTD.

Board of Directors:

- 1.Mr. Pravin S. Herlekar (Chairman Managing Director)
- 2.Mr. Omkar P. Herlekar (Whole-time Director)
- 3.Prof. Suhas M. Rane
- 4.Mr. Subhash P. Mali
- 5.Mr. Amit A. Pandit
- 6.Dr. Vikas N. Telvekar

Company Secretary:

Swapnali S. Puranik

Auditors:

M/S Siddharth Sinkar & Associates, Mumbai

Registered Office Address and R & D Centre :

B-34, MIDC, Badlapur (East),
Thane- 421503, Maharashtra
Tel.: +91(0251) 2697340
Fax: +91 (0251) 2691572
Email: care@omkarchemicals.com, info@omkarchemicals.com

Manufacturing Units:

Unit I
Unit II
Unit III
Unit IV

Plot no. W-92(A), MIDC, Badlapur, Thane- 421503
Plot no. F-24, MIDC, Badlapur, Thane- 421503
Plot no. B-34, MIDC, Badlapur (East), Thane- 421503
Plot no. F-10/1, MIDC, Badlapur, Thane- 421503

Subsidiaries:

Rishichem Research Limited:

Registered Office :
W- 83C, MIDC, Badlapur (East),
Thane-421503, Maharashtra

Works :
W- 83C, MIDC, Badlapur (East),
Thane-421503, Maharashtra

Desh Chemicals Private Limited:

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

Works :
W-93(A), MIDC, Badlapur (East),
Thane- 421503, Maharashtra

Urdhwa Chemicals Company Private Limited:

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

Works :
C-4, Lote Parshuram Industrial
Area, Khed, Ratnagiri, Maharashtra

Registrar and Share transfer Agents:

Bigshare Services Private Limited

E-2 & 3, Ansa Industrial Estate,
Saki-Vihar Road, Sakinaka,
Andheri (E), Mumbai - 400 072
Tel: 91-22-40430200
Fax: 91-22-2847 5207

Our Bankers:

Bank of Baroda

Shares Listed on:

Bombay Stock Exchange Limited.
National Stock Exchange of India Limited



CORPORATE SOCIAL RESPONSIBILITY



**TREE
PLANTATION**



**GREEN
CHEMISTRY**



**WATER
CONSERVATION**



**POWER
SAVING**



**EDUCATION SUPPORT
ACTIVITIES**



**BLOOD
DONATION CAMPS**





GREEN CHEMISTRY

Green chemistry is a viewpoint of chemical research and engineering. It encourages the design of products and development of processes that maximise the use of safe and environmentally benign substances.

We have taken initiative in adopting such practices wherein conventional petroleum solvents are replaced by economically ionic solvents. Use of such chemicals results in safer and healthier working atmosphere. Moreover the green process contributes to reduction in effluent costs.



FOR A GOOD CAUSE



The Industrial area around Badlapur region is surrounded with various chemical, pharmaceutical and other manufacturing units. To protect the environment and maintain greenery here around we have taken an initiative to plant trees in this industrial region. Around 250 trees were planted by our volunteers alongwith the rotary club members in Badlapur MIDC.

We are proud to say that at all the units of Omkar Speciality we maintain the environment balance by minimising pollution and increasing greenery.





EDUCATION



- Mr. Pravin S. Herlekar, our CMD, who was also Past President of Rotary Club of Badlapur Industrial Area, has been personally involved in a social responsible activity at "Sangopita" which is a home for cerebral palsy children. We have been trying to share our responsibility to support this activity for many years.
- Omkar Speciality Chemicals Limited facilitates training to the students at Graduation and Post-Graduation level, in the field of Science, Commerce and Management. Till now, forty students have successfully completed their summer training at our R & D and Quality Control Departments.
- We also accommodate students pursuing Engineering or MBA as trainees and also facilitate trainings as prescribed by ICWAI and ICSI institutes for their students.
- We at Omkar Speciality, understand that the young generation is a future of the society. We take initiatives to illuminate the path on their way towards a better tomorrow. In co-operation with few organisations working for the betterment of the society we have sponsored various other programmes for students like quiz contests, science exhibition, educational seminars which in turn develop interpersonal skills and increases confidence of the students. We also organise the career guidance programmes which generates awareness among the students about career options.
- Programmes related to studies in Astronomy including Sky Observation are regularly organised by our CMD Mr. Pravin S. Herlekar which receive overwhelming response.



SOCIAL HEALTH



Omkar Speciality alongwith Rotary Club of Badlapur Industrial Area as co-sponsorer organised, free blood and health check-up camps and also blood donation camps for industry workers and civilians in Badlapur region.



From the desk of Chairman..



Dear Friends,

The fundamental philosophy of your Company ever since its inception has been to carve out a niche space in the field of Speciality Chemicals by way of innovative ideas and technologies.

The perusal of this ideology is made possible by our strong in-house R&D led by the Promoters themselves and duly supported by highly qualified and brilliant scientists.

In order to strengthen its efforts to achieve the targets set for, the Company has recently set-up a Technology Centre with state-of-the-art laboratory facilities with proper back-up for pilot plants and scale up infrastructure.

Your Company has a unique and enviable business model. Its multiproduct and multi segment operations offer a high level of stability with regards to the top line, while the contributions from its niche products enhance its bottom line.

An enormous amount of goodwill generated by the Company by its consistent performance and track record with a wide cross section of customers is the driving force for venturing into new areas of operations.

As you will all appreciate, strict compliance with environmental issues is the need of the hour and your Company has this point on its top agenda. The management is determined to pursue its efforts to develop environmental friendly processes and technology by focusing on Green Chemistry routes of synthesis in an endeavor to target for zero effluent.

With these positive notes, your Company is all set and geared up to confidently take up bigger challenges in near future.

With warm regards,

Truly yours,
For Omkar Speciality Chemicals Limited

Pravin S. Herlekar
Chairman & Managing Director

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixth Annual General Meeting of the members of Omkar Speciality Chemicals Limited will be held on Saturday, 24th September, 2011 at 3.30 p.m. at Sanjeevani Hall, next to Monginis Cake Shop, Badlapur (East), Thane 421 503 to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares.
3. To appoint a Director in place of Mr. Amit A. Pandit, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. Suhas M. Rane who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT, subject to the provisions of the Companies Act, 1956, the approval of the Members be and is hereby accorded to appoint M/s. J.P.J. Associates, Chartered Accountants, Mumbai as Statutory Auditors in place of retiring Statutory Auditors of the Company M/s Siddharth Sinkar & Associates, Chartered Accountants, Mumbai to hold such office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and the Board of Directors be and is hereby authorised to determine the remuneration payable to the Company's Auditors."

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT, pursuant to the provisions of Section 309(4) and other applicable provisions if any, of The Companies Act, 1956 and Clause 49 of Listing Agreement, such sum by way of commission not exceeding in the aggregate one per cent (1%) per annum of the net profit of the Company computed in manner laid down in Section 198 of the Companies Act, 1956 for each of the five financial years of the Company commencing from 1st April, 2011 be paid to and distributed amongst such Directors of the Company excluding the Managing Director and Whole-time Director as may be determined by the Board, the proportion and manner of such payment and distribution may be as decided by the Board from time to time."

Notes:

1. Annexed herewith the Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of item no. 5 & 6 of the notice and relevant details of the Directors seeking re-appointment under item no 3 & 4 of the notice, required by clause 49 of the listing agreement(s) entered into with the Stock Exchange(s).
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY** Proxies, in order to be effective must be received at the registered office of the Company, not less than 48 hours before the meeting.

3. The Register of Members and share transfer books of the Company shall be closed from Saturday, 17th September, 2011 to Wednesday, 24th September, 2011 (both days inclusive) for determining the entitlement of the final dividend for the Financial Year 2010-11.
4. Dividend related information:
 - i. Your dividend is valid for payment by Company's Bankers for three (3) months from the date of issue. Thereafter, please contact our Registrar and Share Transfer Agent, Bigshare Services Private Limited, E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072, for revalidation.
 - ii. Please encash your dividend immediately. Consequent upon amendment to section 205A of the Companies Act, 1956 and introduction of section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection fund (IEPF) set up by the Government of India and no payments shall be made in respect of such claims by the IEPF.
 - iii. Shareholders are requested to notify their bank particulars giving the name of the bank, branch and the nature of account and also any change of address to the Company's Registrar and Share Transfer Agent, Bigshare Services Private Limited. Shareholders are hereby intimated that under instructions of Securities and Exchange Board of India, furnishing of bank particulars by the shareholders has become mandatory.
 - iv. In order to provide better services to the shareholders, the Company has opted for Electronic Clearing System (ECS) for payment of dividend. Shareholders desirous of availing ECS facility may provide the required information to our Registrar and Share Transfer Agent at their address as mentioned in Note no. 4 (i) above.
 - v. Shareholders are hereby informed that the bank particulars given by them at the time of opening a depository account will be used by the Company for the purpose of the dividend payment. This would ensure that the dividend cannot be deposited in any account other than the one specified by the member. For the safety and interest of the members, it is important that bank account details are correctly provided to the depository participants. The bank mandate for shares held in physical form will not be applied for shares held in electronic form.
 - vi. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the Shareholders in respect of the Shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agent of the Company.
 - vii. Members, who have multiple accounts in identical names or joint names in same order, are requested to intimate Bigshare Services Private Limited, the Ledger Folios of such accounts to enable the Company to consolidate all such share holdings into one account.
5. Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.

By Order of the Board,

Date : 5th August, 2011

Place : Badlapur

Pravin S. Herlekar
Chairman & Managing Director

ANNEXURE TO THE NOTICE**Explanatory Statement under section 173 of the Companies Act, 1956:****Item No. 5**

M/s. Siddharth Sinkar & Associates, Chartered Accountants, Mumbai are the existing Statutory Auditors of the Company and their term of appointment is expiring on conclusion of forthcoming Annual General Meeting. They have expressed their desire to be relieved from the post of Statutory Auditor due to pre-occupation. The Board has recommended the appointment of M/s J.P.J. Associates, Chartered Accountants, Mumbai as statutory Auditors in place of retiring Auditors of the Company.

Board recommends passing of the resolution as an **Ordinary Resolution**.

None of the Directors are deemed to be concerned or interested in passing of this resolution.

Item No. 6

Independent Non- Executive Directors of your company have been contributing immensely to the growth of the Company with their rich Experience in their areas of expertise. The Management of the Company intends to reward their contribution by giving commission not exceeding one percent (1%) per Annum of the net profit of the Company computed in manner laid down in section 198 of the Companies Act, 1956 for each year for the period of five years commencing from 1st April, 2011. The Board of Your Company has recommended the payment of above commission.

The proportion and manner of such payment and distribution would be as decided by the Board from time to time.

Apart from commission proposed to be paid to the Directors in terms of the Special Resolution, the Directors are also eligible to receive sitting fees for each of the Board, Audit Committee or any other committee meetings thereof attended as the case may be.

Board recommends passing of the resolution as a **Special Resolution**.

All the Directors of the Company except Mr. Pravin S. Herlekar, Chairman & Managing Director and Mr. Omkar P. Herlekar, Whole-time Director shall be deemed to be directly or indirectly interested in this Resolution.

By Order of the Board,

Date : 5th August, 2011

Place : Badlapur

Pravin S. Herlekar
Chairman & Managing Director

**Details of Directors seeking Re-appointment
(In pursuant of Clause 49 of Listing Agreement)**

Name of Director	MR. AMIT A. PANDIT	PROF. SUHAS M. RANE
Date of Birth	30-03-1971	03-12-1951
Qualification	<ul style="list-style-type: none"> ▣ Chartered Accountant ▣ Diploma in Business Finance 	<ul style="list-style-type: none"> ▣ Mechanical Engineering from University of Bombay. ▣ Diploma in Management Studies. Master of Financial Management from University of Bombay.
Date of Appointment	25-03-2010	25-03-2010
Expertise in specific functional area	Rich experience in the field of business valuations, business restructuring, investment banking, auditing, banking and finance and advisory services.	Wide Experience across various Industries.
List of Companies in which Directorships held (excluding in foreign companies)	<ul style="list-style-type: none"> ▣ Saraswat Co-operative Bank Limited ▣ Saraswat Infotech Limited 	NIL
Chairman / Member of the Committees of the Board of Directors of other Companies in which he is a Director (excluding in foreign companies)	Audit Committee <ul style="list-style-type: none"> ▣ Saraswat Co-operative Bank Limited (Member) ▣ Saraswat Infotech Limited (Chairman) 	NIL
Details of Shareholding (both own or held by/for other persons on a beneficial basis), if any, in the company	NIL	2655

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Sixth Annual Report before you, on the working of the Company, alongwith the audited accounts for the financial year ended 31st March 2011.

FINANCIAL HIGHLIGHTS**(₹ In lakhs)**

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Income	10773.92	6891.91
Profit Before Depreciation and Tax	1661.92	934.21
Less: Depreciation	190.86	185.34
Profit Before Tax (PBT)	1471.06	748.87
Less: Provision for Income Tax	457.02	230.50
Profit After Tax (PAT)	1014.04	518.37
Profit brought forward from previous year	304.92	904.46
Profit available for appropriation	1318.96	1422.83
Appropriations:		
Transfer to General Reserve	150.00	150.00
Proposed Dividend	196.28	57.64
Corporate Tax on dividend	32.60	9.57
Profit carried to Balance Sheet	940.08	304.92

REVIEW OF OPERATIONS**i. Increase in Sales and Profit of the Company**

Your Directors are pleased to inform you that there is a significant growth in the total income and profit after tax despite of global downturn and recessionary trend. Your Company has registered a growth of 56.33% in total income and 95.62% in profit after tax. The almost two fold growth in profit from operations was primarily on account of cost optimization, higher gross margin in product mix and efficient working capital management.

New markets were also explored for Company's existing products, thereby increasing exports revenues. The same has been indicated in the growth of total income. This can be seen from the tabular presentation as given below;

(₹ in lakhs)

Particulars	Year ended		Growth
	31/03/2011	31/ 03/2010	
Domestic Sales (Net)	9527.81	6259.00	52.23%
Export Sales	1148.19	575.96	99.35%

ii. Manufacturing Facility

Your Company has a diverse product range comprising a mix of organic, inorganic and organo inorganic intermediates. The total product mix comprises of more than 105 products which contain wide range of inorganic intermediates like derivatives of molybdenum, selenium, iodine, cobalt, bismuth and tungsten; organic intermediates like resolving agents and hypervalent Iodine compounds. Our R&D team is continuously working on the improvement in processes of our existing products in order to smoothen the production process with optimum utilization of resources and cost saving. These provide us a competitive edge over others and help us to widen our customer base.

The variety of diverse product mix has enabled the Company to cater to the need of larger base of existing as well as prospective customers. Your Company has a diverse customer base from different industry segments like pharmaceutical, chemical, glass, cosmetics, ceramic pigments, poultry, veterinary feed etc. and export of our products to various countries in Europe, Asia, North America and Australia.

Your Company has always given paramount importance to explore new market opportunities. The philosophy of the Company is driven by market adoptive principles in order to support the ambitious growth plans the company has set for itself.

Your Company is currently expanding its capacity to 3,650 MTPA from 950 MTPA. The said expansion of capacity is expected to be completed by the end of Financial Year 2013. Currently we have three (3) manufacturing units in Badlapur MIDC, Thane and plan to set up fourth one in the same industrial area.

Unit	Location	Existing Capacity (MTPA)	Proposed additional Capacity (MTPA)	Type of facility	Products manufactured
Unit I	Plot no. W-92(A), MIDC, Badlapur	375	225	Manufacturing Unit	Iodine, Selenium Compounds & Other Derivatives
Unit II	Plot no. F-24, MIDC, Badlapur	375	525	Manufacturing Unit	Iodine, Molybdenum Compounds & Other Derivatives Viz-Chiral Compounds
Unit III	Plot no. B-34, MIDC, Badlapur	200	700	Registered Office, Manufacturing Unit and Technology Centre	Selenium Sulphide (U.S.P.)
Unit IV	Plot No. F-10/1, MIDC, Badlapur	-	1250	Warehouse and Proposed Manufacturing Unit	Organic Intermediates.
	Total	950	2700	-	-

After the proposed expansion of the manufacturing facility the total installed capacity of the company would aggregate to 3650 MT per annum.

DIVIDEND

Your Directors are pleased to recommend a dividend of 10% per equity share of ₹ 10 each for the financial year 2010-11. The Dividend on Equity Shares is subject to the approval of the Shareholders at the Annual General Meeting. The total pay-out works out to ₹ 196.28 Lakhs towards dividend and ₹ 32.60 Lakhs towards corporate dividend distribution tax.

LISTING OF THE COMPANY

Your Company entered the Capital Market in the month of February, 2011 with an issue size of ₹ 81 Lakhs Equity Shares of ₹ 10 each issued at a price of ₹ 98 (including premium of ₹ 88) amounting to ₹ 7938 Lakhs.

The shares issued under Initial Public Offer (IPO) have been listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

DEPLOYMENT OF FUNDS

The prime intention behind raising funds from the public was for expansion of existing manufacturing facilities and fulfilment of Working Capital requirements.

The brief highlights of Company's achievements are as follows:

- 1) Your Company has received FDA License numbered KD - 725, dated 7th of May, 2011 for Unit No. III for manufacture of Selenium Sulphide (U.S.P.), which is the key ingredient for production of Anti-Dandruff shampoo.

The production of Anti-Dandruff agent for shampoo at this Unit is already started. This facility was financed out of IPO Proceeds as elaborated in Red Herring Prospectus (RHP) of IPO.

- 2) On 17th June, 2011, your Company acquired 100% shares and assets of Desh Chemicals Private Limited which owns a manufacturing Unit located at W-93(A), MIDC, Badlapur, adjacent to your Company's Unit No. I [W-92(A), MIDC, Badlapur]. Now we can act on our expansion and modernization plan for our production capacities at Unit No. I, as elaborated in Red Herring Prospectus (RHP) of Initial Public Offer (IPO). The combined areas of existing Unit I and the newly acquired Company will be operated as integral facility of Unit I.

- 3) Your Company has entered into a Memorandum of Understanding with M/s. Shree Sai Shakti Enterprises, a proprietary concern, located at F-9, MIDC, Badlapur for acquiring their assets.

These assets are adjacent to Company's existing Unit No. IV located at F-10/1, MIDC, Badlapur. By virtue of this acquisition, the Company can take benefit of the total plot area of 9654 sq. mtrs for execution of our major expansion project at Unit No. IV as elaborated in RHP of IPO.

- 4) Your Company has also taken effective steps for acquiring shares and assets of M/s. Urdhwa Chemicals Company Private Limited located at C-4, Lote Parshuram Industrial Area, Dist: Ratnagiri for our further expansion of manufacturing facility of value added speciality chemicals. This project will be funded out of Company's internal accruals, and suitable debt from financial institution.

SUB-DIVISION OF SHARES

Company's Shareholding base is of 1,96,28,004 Equity shares of ₹ 10 each as on 31st March, 2011. The Company, vide Special Resolution passed at the Extra Ordinary General Meeting held on 19th May, 2010 subdivided the nominal value per share from ₹ 100 each to ₹ 10 each.

Post Issue the Paid Up Capital of the Company is ₹ 19,62,80,040.

SUBSIDIARY COMPANY

The Consolidated Financial Statements presented by the Company include financial information of its subsidiary prepared in compliance with the applicable Accounting Standards. The Ministry of Corporate Affairs, Government of India vide its circular No 5/12/2007-CL-III dated 8th February, 2011 has granted general exemption under section 212 (8) of the Companies Act, 1956 from attaching the Balance Sheet, Profit And Loss Account and other documents of the Subsidiary Company to the Balance Sheet of the Company, provided certain conditions are fulfilled. In terms of the aforesaid approval, the Annual Accounts

of the Subsidiary Company and the related detailed information will be made available upon request. This document is available for inspection by any member at the Registered Office of the Company.

In May 2010, Company has purchased 98.81% of Equity Shares of M/s. Rishichem Research Limited and thereby it became our Subsidiary.

REGULATORY APPROVALS

Our manufacturing facilities are monitored and approved by various Regulatory Authorities periodically. FDA, MPCB, Department of Explosives, etc. conduct routine audits of all approved facilities.

TRANSFER TO RESERVES

The Company proposes to transfer ₹ 1.5 Crore to General Reserve out of the amount available for appropriations and an amount of ₹ 13.18 Crore is proposed to be retained in the Profit and Loss Account.

CHANGE OF AUDITORS

M/s Siddharth Sinkar & Associates, Chartered Accountants, Mumbai, have expressed their desire to be relieved from the duties as a Statutory Auditor due to pre-occupation and they retire at the conclusion of the Annual General Meeting subject to the approval of the members at the Annual General Meeting. The Board has recommended the appointment of M/s. J.P.J. Associates of Mumbai, Chartered Accountants as Statutory Auditors at the forthcoming Annual General Meeting subject to the approval of the members in the place of M/s Siddharth Sinkar & Associates, retiring Auditors of the Company.

PUBLIC DEPOSITS

The Company has not accepted any fixed deposits from public during the year ended 31st March, 2011.

DIRECTORS

During the Financial Year the Directors of the Company, Mr. Shivdas R. Herlekar and Mrs. Anjali P. Herlekar resigned from Directorship on 29th March, 2011. The Board places on record its appreciation of the valuable services rendered by them during their tenure as Directors and for their contributions to the deliberations of the Board.

Mr. Amit A. Pandit and Prof. Suhas M. Rane retire by rotation and are eligible for re-appointment.

INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

The Board wishes to place on record their appreciation of the support and contribution of all employees towards the growth of the company. The Company continues to enjoy cordial and harmonious relations with its employees at all levels.

The Company's HR policies and processes are aligned to effectively drive its expanding business and emerging opportunities. This has been achieved by continuously investing in learning and conducting training and development programs, creating a congenial work environment and motivating employees at all levels.

ENVIRONMENT

All the existing units of the Company treat the liquid effluent as per the standard norms set by the consent to operate given by State Pollution Control Board. The neutralized effluent is aerated by compressed air so as to maintain the BOD / COD at desired level. Our aim in future is to achieve zero pollution loads, total recycling of treated water and maximum recovery from waste. We are aiming to set the Pollution Free and Environmental Friendly Production Processes. Our R & D team is consistently working on these issues and the results are encouraging.

EMPLOYEE PARTICULARS AS PER SECTION 217 (2A)

The statement as required under Section 217 (2A) of Companies Act, 1956, containing the particulars as prescribed under the Companies (Particulars of Employees) Rules, 1975 is annexed as Annexure - I to this report.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure - II annexed to this Report.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS REPORT

Pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report, Managing Director's and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibilities Statement, your Directors state and hereby confirm that:

- a) Your Company has, in preparation of the Annual Accounts for the year ended 31st March, 2011, followed the applicable accounting standards alongwith proper disclosures and explanations relating to material departures, if any;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March 2011 and of the profit of your Company for the Financial Year ended 31st March 2011;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the Annual Accounts for the Financial Year ended 31st March 2011 on a going concern basis.

APPRECIATION

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by all the shareholders, employees, Auditors, Bankers, Staff Members of the Company and all others who have made valuable contributions to the growth of OSCL.

For and on Behalf of Board of Directors
of **Omkar Speciality Chemicals Limited**

Dated: 5th August, 2011
Place : Badlapur

Pravin S. Herlekar
Chairman and Managing Director

ANNEXURE -I

Statement pursuant to section 217(2A) of the Companies Act, 1956 and the Companies (particulars of employees) Rules, 1975.

Name	Age (Years)	Designation / Nature of duties	Remuneration		Qualification	Total Experience (Years)	Date of Commencement of Employment	Last Employment held and Designation	The Percentage of Equity Shares held by the Employee in the Company
			Gross (₹)	Net (₹)					
Mr. Pravin Herlekar	61	Chairman & Managing Director	24,00,000	17,93,688	B.Tech. (Chemical Engineer)	38	24.02.2005	Proprietor of M/s. Omkar Chemicals,	46.59%

ANNEXURE - II

[Information as required under section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988]

A. Research & Development (R&D):

The Company has a well-equipped R&D Facility to carry out its Research and Development activities. These activities are directed towards the development of new products, process validation, testing and related data to launch the Products for sale in the emerging market and upgradation of existing manufacturing processes. We have a dedicated Team of Scientists with technical and intellectual skills to sphere head this task.

Benefits derived as a result of the R&D:

- Commercial launching of New Products
- Reduction in Cost of Production
- Development of Analytical Methods
- Improvement in the Product Quality.

Future Plan of Action:

- Commercialization of New Products which are presently under development stage.
- The Company's R&D Team has developed continuous processes based on vapour phase reactions which are expected to be commercialized in near future. These processes will reduce substantial operations and material handling and will result into quick production turn around. These processes alongwith certain other specific operations which have been successfully developed by the R&D

by using environmental friendly catalytic chemistry will ultimately result in costs savings with better yields and less pollution loads.

Expenditure on R&D

(₹ In lakhs)

Particulars	2010-11	2009-10
Capital Expenditure	172.16	130.35
Recurring Expenditure	11.54	13.08
Total	183.70	143.43

B. In-house Technology, Absorption, Adaptation and Innovation:

Efforts being made : In brief

- Based on market survey in the domestic and export market, Company's R&D Division is continuously engaged in research on development of new products with in-house technology in addition to process improvement of existing products. The Company has indigenous technology for the products being manufactured.
- After the manufacturing technology for a new product is established in R&D, the trial batches are taken up on Plant Scale and on their successful completion, commercial production is taken up on regular basis. We strive to continuously upgrade the technology for continual improvement.

Benefits derived as a result of above efforts:

- Improvement in Quality and Yields of the product and cost reduction. The development of new products with In-house Technology has benefited the Company to enter into the Domestic and Overseas Markets with a wide range of various products.
- Consistent growth in the Company's Turnover and Profitability.

C. Conservation of Energy

The Company has taken all necessary measures from the beginning for Energy Conservation as a part of maintaining the operating cost to the minimum.

Power and Fuel Consumption:

1. Electricity :	Current Year 2010-11	Previous Year 2009-10
a) Units Consumed (Kwh)	464152	435392
Rate / Unit (₹/Kwh)	7.89	7.72
Total Amount	3662162	3361718
b) Own Generation through Diesel Generator (Unit)	28695	17875
Total Amount (₹)	1142050	688188
Cost / Unit (₹/Kwh)	39.80	38.50
2. Furnace Oil		
Quantity (K. Lit.)	370415	312156
Total Cost	15581721	10750470
Average Rate (₹/Lit)	42.07	34.44

Consumption Per Unit of Production

Particulars	Current Year 2010-11	Previous Year 2009-10
Products	Nil	Nil
Qty. Mfg during the year	688299 kg	461516 kg
Electricity (Per Kg)	5.32	7.28
Furnace Oil	22.64	23.29
Diesel Oil (Per Kg)	1.66	1.49
Firewood (Per Kg)	Nil	Nil
Others	Nil	Nil

D. Foreign Exchange Earnings and Outgo

During the Financial Year 2010-11 Company's Export Sales were increased upto ₹ 1148.19 Lakhs from ₹ 575.96 Lakhs, which noticed a significant growth of 99.35%.

(₹ in lakhs)

Particulars	Current Year 2010-11	Previous Year 2009-10
Foreign Exchange Earned	1226.57	633.85
Foreign Exchange Used	21.97	10.93

CORPORATE GOVERNANCE REPORT

Company's Philosophy

Omkar Speciality Chemicals Limited defines Corporate Governance as a Systematic Process by which companies are directed and controlled to enhance their wealth - generating capacity with the application of best management practices, compliance of laws and adherence.

We are committed to achieve the highest standards of good corporate governance practices supported by good Board Practices and Independent Board which predate SEBI and Clause 49 of the listing agreement. Independent Directors' opinions are considered in framing the strategy and to generate value for the Company's Shareholders.

Business operations of your Company are conducted for the benefit of all stakeholders. We believe in transparency, fairness and accountability being integral to the working of the Company and its Board.

COMPLIANCE OF CORPORATE GOVERNANCE

I. BOARD OF DIRECTORS AND PROCEDURES

A. Profile of Board of Directors



Mr. Pravin S. Herlekar is the Chairman and Managing Director and also one of the Promoters of the Company. He is a Bachelor of Technology in Chemical Engineering from Indian Institute of Technology (IIT), Bombay and is a Post Graduate in Management Studies from Mumbai University. He has an overall experience of 38 years in the field of Product Development, Marketing and Administration. He is the Founder of the Company and has been actively involved in the business of the Company since its inception and has played a key role in the growth of your Company with his inputs in Strategic Planning and Business Development. Over the years he has played a vital role in expanding the operations and directing the Company's growth in a defined manner.



Mr. Omkar P. Herlekar is the Whole-time Director and the other Promoter of the Company. He is a Bachelor of Science and Master of Science (By Research) in Chemistry from the University of Mumbai. He has an overall experience of 3 years. He looks after Research and Development activity of the Company and supervises entire factory operations. He is actively involved in setting-up and implementation of new Manufacturing Units.



Mr. Amit A. Pandit, aged 40 years, is an Independent Director of our Company. He is a Fellow member of the Institute of Chartered Accountants of India (ICAI), holds a Diploma in Business Finance (DBF) from The Institute of Chartered Financial Analysts of India (ICFAI) and is a commerce graduate from University of Bombay. He has an overall experience of more than 20 years in the field of finance & banking, business valuations, business restructuring, investment banking, internal audits, and corporate advisory services. He has earlier worked with BON Consultants, Mafatlal Finance Company Limited, Global Tele Systems Limited and Darashaw & Company Private Limited. He was also in independent practice for some years. He joined Contractor,

Nayak & Kishnadwala, Chartered Accountants in the year 2004 as Head of Internal Audit and was elevated to a partner in 2007. He is currently incharge of the Risk Assurance Practice of the firm. In addition to this, he is on the Board of Saraswat Co-operative Bank Limited and Saraswat Infotech Limited. He is a member of the Audit Committee of Saraswat Co-operative Bank Limited. He is also Chairman of the Audit Committee & Acquisition Committee of Saraswat Infotech Limited. He is also a visiting faculty at various management institutes for corporate finance & other finance related subjects. He is on our board since March 25, 2010.



Prof. Suhas M. Rane is an Independent Director of the Company. He is BE (Mechanical), Diploma in Management Studies (DMS) and Master of Financial Management (MFM), all from the University of Mumbai. He has an overall experience of 38 years. Earlier he worked with Mahindra & Mahindra, Tata Motors, Pidilite Industries, Soji Group, PROCONS Consultants in their various operations functions. Later he moved to academics from the year 2000. He was Asso. Dean of ICFAI Business School and thereafter Director- Planning of Narsee Monjee Institute of Management Studies. Presently, he is a Management Consultant and Visiting Faculty attached to several leading B-Schools like: NMIMS, S.P.Jain Centres-Singapore & Dubai, Indo-German Chamber of Commerce, CII. Prof. Rane has to his credit- several Research Papers published in the national & inter-national journals and conferences. His special interest and research lies in RFID technology applications.



Mr. Subhash P. Mali is an Independent Director of Omkar Speciality Chemicals Limited. He is a Bachelor of Chemical Engineering from University of Bombay. He has an overall experience of about 34 years. During his tenure he has worked with Asian Paints Limited, Ranbaxy Laboratories Limited, Unichem Laboratories Limited and Kopran Limited as Director Technical. Since 2003, he is working with Arch Pharmalabs Limited, Mumbai as Technical Director.



Dr. Vikas N. Telvekar is an Independent Director of the Company. He holds two Bachelor's Degrees in Science - one for Chemistry and one for Technology from University of Mumbai. He has done Master of Science (Technology) and Doctor of Philosophy (Technology) in Pharmaceutical and Fine Chemicals from Mumbai University Institute of Chemical Technology. He has an overall experience of 8 years 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 of Gharda Chemicals Limited, Mumbai. Since 2003, he is associated with Mumbai University Institute of Chemical Technology, Department of Pharmaceutical Science and Technology as a permanent faculty. He specializes in Pharmaceutical Science, Medicinal Chemistry, Process Technology and Pharmaceutical Engineering. His articles have been published in various International Publications.

B. Composition of the Board

The Company has an Executive Chairman and the number of Independent Directors is more than 50% of the total number of the Directors. As at 31st March, 2011, the Company has 6 Directors on its Board, of which 4 are Non-Executive & Independent Director. None of the Directors on the Board is a member of more than 10 committees and Chairman of 5 Committees [as specified in Clause 49(I) (C) (ii) of Listing Agreement], across the Companies in which they are Directors. The necessary disclosures regarding Committee positions have been made by the Directors and the same forms the part of this Report.

The Table gives the Composition of the Board

Executive Director	Non-Executive Independent Directors
Mr. Pravin S. Herlekar	Mr. Amit A. Pandit
Mr. Omkar P. Herlekar	Prof. Suhas M. Rane
Mr. Shivdas R. Herlekar*	Mr. Subhash P. Mali
Mrs. Anjali P. Herlekar*	Dr. Vikas N. Telvekar

* Mr. Shivdas R. Herlekar and Mrs. Anjali P. Herlekar were Directors upto 29th March, 2011.

Meetings held

The Board met seventeen (17) times during the Financial Year 2010-11 and the dates of these meetings are as follows;

1 st April, 2010	12 th May, 2010	22 nd May, 2010	24 th June, 2010
25 th June, 2010	26 th June, 2010	28 th June, 2010	15 th July, 2010
17 th July, 2010	2 nd Aug., 2010	19 th Aug., 2010	24 th Sept., 2010
27 th Oct., 2010	5 th Jan., 2011	28 th Jan., 2011	5 th Feb., 2011
29 th Mar., 2011			

The maximum time gap between any two consecutive meetings was not more than three calendar months.

The required quorum was present for all the meetings held, during the Financial Year 2010-11. None of the Directors remained absent for any meeting without giving notice to the Board and leave of absence was granted to the Directors who have remained absent in the respective meeting.

The Attendance at the Board Meetings during the year 2010-2011 and at the last Annual General Meeting and also the number of their Directorships and Committee Memberships in other Companies are given below:

Sr. No	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	No. of Committee Memberships
1.	Mr. Pravin S. Herlekar (Chairman & Managing Director)	Promoter - Executive Director	17	Yes	1	NIL
2.	Mr. Omkar P. Herlekar (Whole Time Director)	Promoter - Executive Director	17	Yes	NIL	NIL
3.	Mr. Amit A. Pandit	Independent Director	16	Yes	2	2
4.	Prof. Suhas M. Rane	Independent Director	15	Yes	NIL	NIL
5.	Mr. Subhash P. Mali	Independent Director	17	Yes	1	NIL
6.	Dr. Vikas N. Telvekar	Independent Director	17	Yes	NIL	NIL

C. Board Processes

All the Board processes of your Company are well defined, structured and in compliance with Clause 49 of Listing Agreement and the Companies Act, 1956. All the Committees are constituted in accordance with regulatory requirements. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken, wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

The Company became Public Limited on 18th March, 2011. The pace of Growth was continued in the Financial Year 2010-11 as the Company came out with an issue of shares to public at large through its Initial Public Offer (IPO) with an objective to finance its ambitious growth plans. Your Company got listed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the year Board of Directors met quite frequently for the sake of quick decision making for resolving various issues during the process of Company's (IPO) and subsequent Listing of Equity shares with the Stock Exchanges.

Company continues to focus on maintaining the same growth trend in Financial Year 2011-12. The Board has met twice on 16th May, 2011 and 17th June, 2011 since the beginning of the Financial Year to discuss and decide about the Plan of Action and various issues relating to the Company.

II. BOARD COMMITTEES**A. Audit Committee**

Terms of Reference & Composition, Names of the Members and Chairman:

As per Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange(s), the Audit Committee was constituted on 25th March, 2010. The terms of reference of the Audit Committee are as follows;

1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient & credible.
2. Recommending to the Board the Fixation of Audit Fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing with the management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
 - ▣ Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of section 217 of the Companies Act, 1956.
 - ▣ Changes, if any, in accounting policies and practices and reasons for the same.
 - ▣ Major accounting entries involving estimates based on the exercise of judgment by management.
 - ▣ Significant adjustments made in the Financial Statements arising out of Audit Findings.
 - ▣ Compliance with Listing and Legal Requirements relating to Financial Statement.
 - ▣ Disclosure of any related party transactions.
 - ▣ Qualifications in the Draft Audit Report.

5. Reviewing with the management, the Quarterly Financial Statements before submissions to the Board for approval.
- 5A. Reviewing with the management, the Statement of Uses/ Application of Funds raised through an Issue (Public Issue, Right Issue, Preferential Issue, etc.) The Statement Of Funds utilized for purposes other than those stated in the Offer Documents / Prospectus/ Notice and the Report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

The Audit Committee meets every quarter to discuss and review the Financial Result and Internal Audit Report of the Company as required under Clause 41 of the Listing Agreement. The Committee then recommends the Report for approval of Board in consultation with the Statutory Auditor and Internal Auditor.

Audit Committee Meetings and the Attendance during the Financial Year 2010-2011.

Name of members	Category	No. of meeting attended during 2010-11
Mr. Amit A. Pandit - Chairman	Independent Non-executive Director	4
Mr. Pravin S. Herlekar - Member	Promoter Executive Director	4
Prof. Suhas M. Rane - Member	Independent Non-executive Director	4

There were 4 (Four) meetings of the Audit Committee during the financial year 2010-11.

The date on which the said meetings were held are as follows:

20th July, 2010	19th August, 2010
27th October, 2010	29th March, 2011

The Statutory Auditor and the Internal Auditor are Invitees to the Audit Committee Meetings. The Company Secretary is in attendance at these Meetings.

B. Remuneration Committee Meetings

The Company had constituted Remuneration Committee on 25th March, 2010. The Broad terms of reference are as follows;

1. Establish a formal & transparent procedure for developing a Policy on Executive Remuneration and for fixing the remuneration packages of Corporate Officers and Directors.
2. Overview over Remuneration of Senior Management and other key personnel and ensuring that the compensation is constituent with the Corporation's culture, strategy and control environment.
3. Payment of commission and sitting fees to Non-Executive Directors.
4. Formulation & Implementation of various Employees Stock Option Scheme (ESOP) in the Company.

Remuneration Committee Meetings and the attendance during the Financial Year 2010-2011.

Name of members	Category	No. of meeting attended during 2010-11
Prof. Suhas M. Rane - Chairman	Independent Non-executive Director	2
Mr. Subhash Mali - Member	Independent Non-executive Director	1
Dr. Vikas N. Telvekar - Member	Independent Non-executive Director	2

The committee met twice during the financial year 2010-11 on following dates;

19 th August 2010	29 th March 2011
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Details of payments made to Non-Executive Directors in the Financial Year 2010-2011 are as under:

Name of the Director	Total Sitting fees Paid (₹)	Commission
Mr. Amit A. Pandit	52,500	Nil
Prof. Suhas M. Rane	60,000	Nil
Mr. Subhash P. Mali	30,000	Nil
Dr. Vikas N. Telvekar	30,000	Nil
Total	1,72,500	Nil

It was unanimously decided in the Board of Directors Meeting that until the Company gets listed no sitting fees will be payable to any of the Directors.

Details of payments made to Executive Directors in the Financial Year 2010-11 are as under:

Name	Salary / Remuneration (₹ In Lakhs)	Perquisites & Allowance	Performance Linked Bonus/ Commission
Mr. Pravin S. Herlekar (Chairman & Managing Director)	24.00	Nil	Nil
Mr. Omkar P. Herlekar (Whole-time Director)	12.66	Nil	Nil
Mr. Shivdas R. Herlekar	1.20	Nil	Nil
Mrs. Anjali P. Herlekar	3.00	Nil	Nil

Period of Contract of Managing Director is from 1st October, 2010 to 31st March, 2014. The contract may be terminated by the either party giving the other party 3 months' notice.

Shareholding of Directors in the Company as at 31st March, 2011 in their personal capacity and either as sole or first or joint holder:

Name of the Director	No. of Equity Shares Held
Mr. Pravin S. Herlekar (Chairman & Managing Director)	9144480
Mr. Omkar P. Herlekar (Whole-time Director)	576410
Mr. Amit A. Pandit	NIL
Prof. Suhas M. Rane	2655
Mr. Subhash P. Mali	NIL
Dr. Vikas N. Telvekar	NIL
Total	9723545

C. Shareholders & Investor Grievance Committee Meeting:**Composition**

The Company had constituted Share Transfer Investor Grievance Committee on 25th March, 2010. The Broad terms of reference are as follows;

Share Transfer Investor Grievance Committee meetings and the attendance during the Financial Year 2010-2011.

Name of Members	Category	No. of meeting attended during 2010-11
Prof. Suhas M. Rane - Chairman	Independent Non-Executive Director	3
Mr. Amit A. Pandit - Member	Independent Non-Executive Director	3
Mr. Omkar P. Herlekar - Member	Promoter Executive Director	3

There were 3 (Three) meetings of this Committee during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

20th July, 2010,	19th August, 2010	29th March, 2011
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Name, designation and address of the Compliance Officer:

Mrs. Swapnali S. Puranik

Company Secretary

B-34, MIDC, Badlapur (East), Thane - 421 503

Tel No.: 91-251-2690651

Fax No.: 91-251-2697347

Investor Complaints received during the year are as follows:

Category	No. of Complaints Received	No. of Complaints Resolved	No. of Complaints Pending
Non-receipt of Refund Order/Allotment advice	2	2	Nil
Non-receipt of Refund Order after correction	1	1	Nil
Request for reposting of mail return	7	7	Nil
Issue of Duplicate Refund Order	3	3	Nil
Total	13	13	Nil

D. Other Committees:**IPO Committee**

The Board in order to monitor the process of Initial Public Offer (IPO) constituted a committee named IPO Committee on 25th March, 2010.

Role of IPO Committee:

The IPO Committee shall be responsible for taking all decisions relating to the Issue, and to finalize along with the Legal Advisor and the Book Running Lead Manager, the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus and other related documents and do all requisite filings with SEBI, the Stock Exchanges, Registrar of Companies and other appropriate Government and

Regulatory Authorities, Institutions or Bodies. The Committee shall also execute all documents and contracts for the Issue including the Memorandum of Understanding with the Book Running Lead Manager, Escrow Agreement, Syndicate Agreement, Registrar's Memorandum of Understanding and Underwriting Agreement, to determine and finalise the floor price/price band for the Issue, approve the basis for the allocation and confirm allocation of the Equity Shares to various categories of persons as disclosed in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, in consultation with the Book Running Lead Manager and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to, the Issue.

IPO Committee meetings and the attendance during the Financial Year 2010-2011.

Name of members	Category	No. of meeting attended during 2010-11
Mr. Pravin S. Herlekar - Chairman	Promoter Executive Director	8
Mr. Amit A. Pandit - Member	Independent Non-Executive Director	8
Mr. Omkar P. Herlekar - Member	Promoter Executive Director	8

There were 8 (Eight) meetings of this Committee during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

22nd May, 2010	2nd August, 2010	19th August, 2010	25th August, 2010
5th January, 2011	28th January, 2011	5th February, 2011	29th March, 2011

The IPO process and other formalities in relation with the same were concluded in compliance with applicable legal and procedural formalities in the month of February, 2011. The Board of Directors at its meeting held on 29th March, 2011 reviewed the constitution & role of the IPO Committee & various decisions taken by the IPO Committee during the IPO process and have dissolved the Committee.

E. General Body Meetings

Details of the date and venue of Annual General Meetings (AGM) held for last three (3) financial years:

Financial Year	Date of Annual General Meeting	Venue of Meeting
2007 - 2008	30 th Sept., 2008	W-92(A), MIDC, Badlapur (East) , Thane - 421503
2008 - 2009	12 th June, 2009	W-92(A), MIDC, Badlapur (East), Thane - 421503
2009 - 2010	9 th Sept., 2010	B-34, MIDC, Badlapur (East), Thane - 421503

Details of Special Resolutions passed at the previous three Annual General Meetings:

Date of AGM	Details of Special Resolution passed
30 th Sept., 2008	No Special Resolution was passed at 3 rd Annual General Meeting held on this date.
12 th June, 2009	No Special Resolution was passed at 4 th Annual General Meeting held on this date.
9 th Sept., 2010	A Special Resolution was passed at 5 th Annual General Meeting of the Company for revision in remuneration payable to Mr. Pravin S. Herlekar, Chairman and Managing Director from 1 st October, 2010 in consideration of the performance of his duties, whereby his salary was proposed to be increased upto ₹ 5 Lakhs per month.

There were no Extra-ordinary General Meetings held during the Financial Year 2008-09 and 2009-10 Details of Resolutions passed at the Extra-Ordinary General Meetings held during 2010-11 are given as follows:

Date of EGM	Details of Special Resolution passed
19 th Feb., 2010	Following Special and Ordinary Resolutions were passed in the said Extra-Ordinary General Meeting of the Company; 1. Insertion of a new clause in other objects clause of the Memorandum of Association of the Company 2. Increase the Authorised Share Capital of the Company from ₹ 15 Crore to ₹ 25 Crore. 3. Amendment in the Capital Clause of the Memorandum and Articles of Association of the Company in accordance with the increase in Authorised Capital of the Company.
15 th July, 2010	Following Special and Ordinary Resolutions were passed in the said Extra-Ordinary General Meeting of the Company; 1. Appointment of Mr. Pravin S. Herlekar as a Chairman and Managing Director of the Company and fixing his remuneration (₹ 1.5 Lakhs p.m.) 2. Appointment of Mr. Omkar P. Herlekar as a Whole-time Director and fixing his remuneration (₹ 1 Lakh p.m.) 3. Fixing up remuneration of Mr. Shivdas R. Herlekar 4. Fixing up remuneration of Mrs. Anjali P. Herlekar

Postal Ballot Resolution :

The Board of Directors at its meeting held on 17th June, 2011, proposed the following resolutions to be passed by way of Postal Ballot;

Sr. No.	Description of the Resolutions
1	Ordinary Resolution under section 293 (1) (d) of the Companies Act, 1956 for increase in borrowing limit.
2	Ordinary Resolution under section 293 (1) (a) of the Companies Act, 1956, for creating Charge/ mortgage on the movable/ immovable properties of the company for securing the borrowings.
3	Special Resolution under section 372 A (1) (c) of the Companies Act, 1956 for making investment in securities of any other Body Corporate(s).

Mr. Nilesh A. Pradhan, Proprietor of M/s Nilesh A Pradhan & Co., Practicing Company Secretary, who was appointed as the Scrutinizer by the Board of Directors, has carried out the scrutiny of all Postal Ballot forms received and submitted his report on 5th August, 2011 to the Chairman of the Company. The summary of Scrutinizer's Report is as follows:-

- Postal Ballot process has been conducted in a fair and transparent manner.
- Resolution No. 1 as referred above has been passed with 99.98% majority. (Ordinary Resolution)
- Resolution No. 2 as referred above has been passed with 99.97% majority. (Ordinary Resolution)
- Resolution No. 3 as referred above has been passed with 99.97 % majority. (Special Resolution)

III. DISCLOSURES

- i) The Board has received Disclosures from key managerial personnel relating to material, financial and commercial transactions where they and / or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- ii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to Capital Market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange(s), SEBI or other statutory authorities relating to the above.
- iii) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure - ID to Clause 49 of the Listing Agreement with the Stock Exchanges:
 - The Company has set up a Remuneration Committee.
 - The Company has moved towards a regime of unqualified Financial Statement.

Reconciliation of Share Capital

A qualified Company Secretary carried out a Share Capital audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that the total Issued/Paid-Up Capital is in agreement with the total number of shares in physical form and the total number of Dematerialised Shares held with NSDL and CDSL.

Means of Communication

Quarterly/Half-Yearly Results

The quarterly/half-yearly results of the Company are published in the newspapers viz. Economic Times (English and Gujarati) and Maharashtra Times and same is also displayed on the website of the Company i.e. www.omkarchemicals.com.

IV. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The MD & A Report forms a part of the Directors' Report. All matters pertaining to industry structure and development, opportunity and threats, risks and concerns, internal control and systems etc. are discussed in the said report.

V. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day, Date and Time : Saturday, 24th September, 2011 at 3.30 p.m.
Venue : "Sanjeevani Hall", next to Monginis Cake Shop,
Badlapur (East), Thane 421 503

Financial Calendar

The Company follows April - March as its financial year. The results for every quarter are published within 45 days except for the quarter January - March, for which the audited results are published in the month of May as permitted under clause 41 of the Listing Agreement.

Date of Book Closure

The register of members and share transfer books of the Company will remain closed from Saturday, 17th September, 2011 to Saturday, 24th September, 2011 (both days inclusive), for determining the entitlement of the final dividend for the Financial Year ended 2010-11.

Registered office

The Company's registered office is located at B-34, MIDC, Badlapur (East), Thane - 421503.

Listing of Equity Shares on the Stock Exchanges

Stock Exchanges	Stock Code(s)/ symbols	ISIN
Bombay Stock Exchange Limited	OMKARSPC, (533317)	INE474L01016
National Stock Exchange of India Limited	OMKARCHEM	INE474L01016

Stock Price Data (from the date of listing)

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
February, 2011	101.00	31.25	101.00	32.00
March, 2011	48.05	26.55	50.00	26.65

Company was listed in the month of February, 2011 therefore the stock price data from 1st April, 2010 to 31st January, 2011 is not applicable.

Distribution of Shareholding as on 31st March, 2011:

No. of Equity Shares	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
1 to 500	9058	90.96	12522000	6.38
501 to 1000	433	4.35	3475940	1.77
1001 to 2000	221	2.22	3384330	1.72
2001 to 3000	71	0.71	1788560	0.91
3001 to 4000	32	0.32	1143660	0.58
4001 to 5000	24	0.24	1137670	0.58
5001 to 10000	45	0.45	3366460	1.71
10001 and above	74	0.74	169461420	86.33
TOTAL	9958	100%	19628004	100%

Shareholding Pattern As on 31st March, 2011:

Category	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
Clearing Member	224	2.2494	327939	1.6708
Corporate Bodies	334	3.3541	1649956	8.4061
Financial Institutions	1	0.0100	4110	0.0209
Foreign Institutional Investor	1	0.0100	1158817	5.9039
Non-Nationalized Bank	1	0.0100	1020360	5.1985
Non-Resident Indians	77	0.7732	23325	0.1188
Promoters	2	0.0201	9720890	49.5256
Public	9315	93.5429	3915517	19.9486
Relatives of Directors	3	0.0301	1807090	9.2067
Total	9958	100%	19628004	100%

List of Shareholders holding more than 1.00% Share (other than Promoters)

Sr. No.	Category	Folio No/ Client ID	Shareholder's Name	Shares	Percentage
1	Foreign Inst. Investor	IN30134820003558	Taib Securities Mauritius Limited	1158817	5.9039
2	Non Nationalized Banks	IN30048410820757	Axis Bank Limited	1020360	5.1985
3	Corporate Bodies	1204190000217388	Gold Coin Marketing Private Limited	325375	1.6577
4	Public	IN30021410811660	Ranjit H. Bhavnani	315000	1.6048
Total				2504552	14.3669

DECLARATION

I, Pravin S. Herlekar, Chairman and Managing Director of Omkar Speciality Chemicals Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March 31, 2011.

For Omkar Speciality Chemicals Limited

Date : 5th August, 2011

Place: Badlapur

Pravin S. Herlekar
Chairman & Managing Director

AUDITORS' CERTIFICATE

To,

The Members of

Omkar Speciality Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by **Omkar Speciality Chemicals Limited** ("the Company"), for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Siddharth Sinkar & Associates

Chartered Accountants.

(Firm Registration No. 124931W)

Date: 5th August, 2011

Place: Badlapur

Siddharth. S. Sinkar

Proprietor.

(Membership No. 109229)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT*Moving towards growth Challenges ahead***Industry Overview:-**

**Incorporated on 24th February, 2005,
took over the 23 years robust business of a proprietary concern.**

Our Company is a pure play in Pharmaceutical Intermediates and Specialty Chemicals. Historical track record of developing new products and current focus on R&D operations is a challenge for moving ahead. The Company's purpose is to provide Pharmaceutical Intermediates and Specialty Chemicals to various segment industries for various applications. The Company is expected to witness stable growth driven by the end-user demand.

The Speciality Chemical Industry in India is one of the most diversified and matured of all industrial sectors with thousands of commercial products. It contributes significantly towards industrial and economic growth of the nation, contributing approximately 3% to the GDP. The industry primarily consists of:

- ▣ Industrial Chemicals, Glass & Ceramic industry, Pharmaceuticals & Cosmetics
- ▣ Photographic Chemicals
- ▣ Electroplating, Animal & Poultry Feed and Metal Finishing Applications
- ▣ Paints & Pigments, Agrochemical

Indian Pharmaceutical Industry

The Indian Pharmaceutical Industry (IPI) is one of the largest in the world and has grown to a US\$20 bn (₹ 95,000 Crore) industry backed by robust growth in terms of infrastructure development, technology base and a wide range of products. It is now the 3rd largest in the world in terms of volume and 14th largest in terms of value thereby accounting for around 10% of world's production by volume and 2% by value due to lower prices. The industry now produces over 400 bulk drugs (APIs) and almost entire range of formulations belonging to all major therapeutic groups requiring complex manufacturing technologies.

Pharmaceutical Intermediates Market

A Pharmaceutical Intermediate is defined as a substance produced during the steps in the synthesis of an API which undergoes further molecular change(s) or purification before it becomes an API. Every reaction step may give rise to one or more intermediates, which may or may not be isolated at that stage. Pharmaceutical Intermediates include both basic intermediates (building block chemicals for the Pharma Industry) and advanced intermediates (those that are 2 to 3 steps away from the bulk drug). Pharmaceutical Specialty Chemicals typically constitute both API's and intermediates. Some of the key drivers for the increase in demand of Pharma Intermediates are:

- ▣ Growth in outsourcing of Pharma Intermediates production from India
- ▣ Large number of patent expiries leading to advent of generic drugs
- ▣ Higher spending on R&D leading to new developments
- ▣ Several new drug development in pipeline in different therapeutic areas
- ▣ Constant demand for innovative therapies and manufacturing technologies
- ▣ Government of India's spending on health care schemes

Year 2011 has been a year of celebration for Omkar Speciality Chemicals Limited (OSCL), with robust growth in business and the Company's listing at BSE and NSE.

The Company enjoys some key strength which are listed below:

- ▣ Industry's leading chemistry skills and R&D developments which have resulted in launching new chemical products to meet end users demand.
- ▣ Multi product capability helps us change our product mix in response to changes in market demand.
- ▣ Consistent past track record has demonstrated strong financial performance on both top-line and bottom line
- ▣ The Company over the years has built significant credibility on the basis of long association with various segments in Chemical Industry.

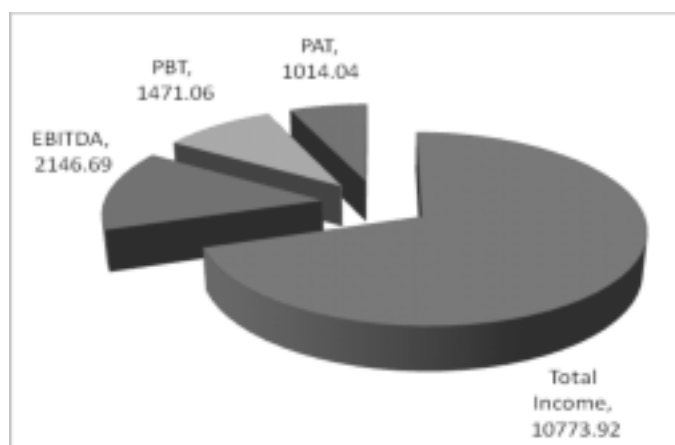
Financial Performance:-

Analysis of key financial highlights of the Company under review was as under:

(₹ In lakhs)

Description	2010-11	2009-10	growth %
Total Income	10773.92	6891.91	56%
EBITDA	2146.69	1308.62	65%
Interest / Finance Charges	484.77	374.40	
Depreciation and amortization	190.86	185.34	
Profit before tax (PBT)	1471.06	748.88	96%
Taxation	457.02	230.50	
Profit after tax (PAT)	1014.04	518.38	96%
Earning per share (EPS) ₹ Basic and Diluted	7.95	44.97	
Face value of equity shares (in ₹)	10	100	

Key Financial Highlights for FY 2010-11



During the year, our total income increased from ₹ 6891.91 lakhs during Financial Year 2010 to ₹ 10773.92 lakhs during Financial Year 2011 showing an increase of 56%. Profit After Tax increased from ₹ 518.38 lakhs in Financial Year 2010 to ₹ 1014.04 lakhs in Financial Year 2011 showing an increase of 96%. Profit After Tax as a percentage of total income increased from 7.52% in Financial Year 2010 to 9.41% in Financial Year 2011.

Business of the company has grown satisfactorily across all industry segments by optimum utilisation of installed multiproduct capacities.

Operational Performance

Market demand from various segment industries for our products for the year under review was substantially very high as compared to the previous year. Due to boosted market demand for our product mix, total income for the year increased by 56%. The Company is significantly leveraged to the pharmaceutical industry and derives ~70-75% of its revenues by supplying Pharmaceutical Intermediates and Chemicals to the Domestic Pharma Companies. In addition, the Company manufactures and supplies Speciality Chemicals to various End User Segments such as cattle and poultry feeds, glass industry, water treatment, paints and electroplating. Company has diversified its product base significantly in the last few years to over 105 products and is in the process of further expansion.

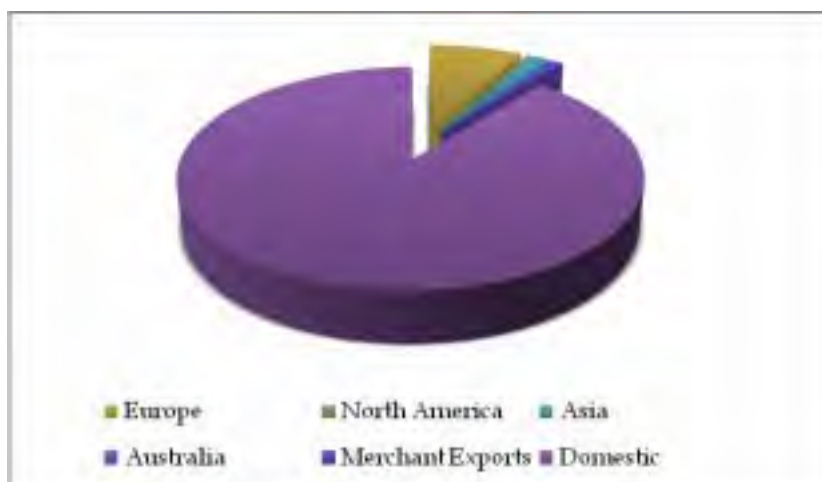
Export

Company's marketing strategy and quality control measures benefited to capture the global market for various products mix. The geographical distribution of our Sales during the last two financial years is as under:

(₹ in lakhs)

Sr. No.	Particulars	FY 2009-10		FY 2010-11	
		Value of total sales	% of total sales	Value of total sales	% of total sales
1	Europe	281.05	4.11	836.14	7.83
2	North America	192.48	2.82	26.38	0.25
3	Asia	35.65	0.52	173.80	1.63
4	Australia	1.74	0.03	6.02	0.06
5	Merchant Exports	65.03	0.95	105.84	0.99
6	Domestic	6259.01	91.57	9527.82	89.25
	Total	6834.96	100.00	10676.00	100.00

We intend to cater to the increasing demand of our existing customers and also to increase our existing customer base by enhancing distribution reach of our products in different regions. We propose to increase our marketing and sales team which can focus in different regions and also maintain and establish relationship with customers.



The Company has pre-registered 31 products for Export to European community.

Historical financial performance



Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affected company's operations or are likely to affect income from continuing operations except for any major changes in policies of government like changes in duty structure, taxation policies, volatility in foreign exchange rates, etc.

Known trends or uncertainties that have had or are expected to have a material adverse impact on Sales, Revenue or Income from continuing operations

Some of the raw materials, which are imported, have shown an inflationary trend in the past. As a sequel to increase / decrease in prices of raw materials in future, the end product prices tend to move up or come down in the same direction if not in the same proportion.

Apart from the above, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on Sales, Revenue or Income from continuing operations.

Increases in Net Sales or Revenue and introduction of new products or services or increased sales prices

Increase in revenues is by and large linked to increase in volume of manufacturing activity carried out by our Company and new high margin products developed by the company along with R&D developments.

Company Infrastructure

Omkar Speciality Chemicals Limited started its business as a proprietary concern in the year 1983 with the capacity of 6 MT per annum for manufacture of Selenium and Molybdenum derivatives. Over the years, it has developed an installed capacity of 950 MT and the wings are expanded into 4 Units performing manufacturing activities for production of Cobalt, Selenium & Iodine Derivatives in addition to other Organic Intermediates. In view of the proposed expansion, Company will be able to expand its product lines in Selenium, Molybdenum, Cobalt, Bismuth, etc. further a new range of products in related field will be added to the existing product portfolio. After the proposed expansion of manufacturing facilities, the total installed capacity of the Company would aggregate to 3650 MT per annum. Details of proposed increase in capacity are cited below :

- Unit I of the Company is situated at Plot No. W-92(A), MIDC, Badlapur, Thane. It is a manufacturing Unit for Iodine, Selenium compounds and other derivatives.

- Unit II is another manufacturing unit where Iodine, Molybdenum compounds and other derivatives viz-chiral resolving agents are produced. It is situated at Plot No. F-24, MIDC, Badlapur, Thane.
- Unit III is a Registered Office of the Company, situated at Plot No. B-34, MIDC, Badlapur, Thane. Currently the facility for manufacturing Selenium Sulphide (USP) is established at this Unit.
- Unit IV of the Company occupies a combined area of Plot No. F-9 & F-10/1 at MIDC, Badlapur. Right now, we have a warehousing facility established here and a multipurpose set-up for manufacture of organic intermediates has been planned to be set up at this site.

Internal Control System and their adequacy

The Company has established an adequate system of internal controls commensurate to the size and nature of the Company's business. The internal control system, while ensuring protection of Company's assets and adherence to the policies, rules and guidelines, is focused on processes to ensure integrity of the Company's financial, accounting and reporting processes and compliance with the Company's legal obligations besides providing for automatic checks and balances. Company has planned to implement the ERP system in order to fine-tune its MIS for achieving the desired objective.

The Company's MIS has a well-defined risk management program for identifying and mitigating risks across all the functions which are reviewed by the Board of Directors of the Company periodically.

The Company engages Independent Internal Auditors who conduct periodical audits to ensure adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. The Reports of such audits are sent to the Management which studies and takes corrective actions wherever appropriate, and are further placed before the Audit Committee for their review. From time to time, the Company arranges for Audit of some of the key business processes and the recommendations coming out of this process are considered for implementation in right perspective. The Company also intends to strengthen the Internal Audit System to cover not only the transactions but also the key processes.

The Audit Committee, chaired by an Independent Director conducts periodical meetings with the Management, Internal Auditors and representatives of the Company's Statutory Auditors to review the Internal Audit Program, recommendations of the Statutory Auditors and the Management's responses thereto besides reviewing the financial information and other issues related to the Company's operations.

Developments in HR

During the year under review, a number of technically and professionally skilled new employees as well as skilled and unskilled workers have joined the Company. Several initiatives were undertaken by the Company to enhance the skills and competence of the employees and to retain and nurture the talent available in the organization. Company initiated the action for the performance development tool for all managerial cadre employees to identify the career development. Training needs for the employees across all functions were updated and addressed through specific training programs.

Research and Development (R&D)

All through the history of our existence, the heart line of your Company has been Research & Development. The philosophy behind foundation of this Company was to create innovative ideas, processes and products and to work out a niche business model. The same philosophy continues as of today and the driving force behind your Company is R&D.

The Company has successfully maneuvered and scrutinized a high quantum of product range such as Metallic Derivatives, Organic Intermediates, Organo Metallics, Resolving Agents and other Fine and Speciality Chemicals with the help of strong R&D.

To pursue the same philosophy more vigorously and in a determined manner, the Company has set-up a Technology Centre in Badlapur which will cater to all our manufacturing requirements. The Company has applied for DSIR recognition for the same.

The contributions from R&D are vital and some of the areas where R&D plays an important role are as follows:

- 1) Development of new products and molecules.
- 2) Development of new processes with advance technologies.
- 3) Cost reduction in case of existing products by way of improvements in the yields, by-product utilization, minimizing losses, etc.
- 4) Improvement in product quality and performance by way of monitoring impurity profiles.
- 5) Development of new routes of synthesis which are more cost effective.

The Company has collaborated with M/s Chorghade Enterprises, USA for Custom Research and Manufacturing Services (CRAMS) and development of new synthetic roots and technology for certain protease inhibitors used in treatment of HIV. The Company's efforts in this regard have been recognised by the Howard University, USA and William J. Clintons Foundation's Health Care Access Initiative (CHAI).

The Company also recognizes the importance of IPR and necessary steps have been taken by the Company to protect the intellectual property developed in-house in R&D by filing Patents for certain products and processes. The Company has so far filed applications for Patents Rights for four (4) products.

The research work being carried out within the Company is also getting appropriate acknowledgements by way of research papers being published routinely in various Journals and Compendiums.

Strengthening foothold in growing Specialty Chemicals Market

While Omkar Speciality's focus on the pharmaceutical segment would remain unaltered, the Company is making efforts to strengthen its presence in the non-pharmaceutical segments. Currently, the Company derives ~30% of revenues largely from cattle and poultry feed, glass industry, water treatment etc. Over the next few years, it plans to not only consolidate, but also diversify its presence in more end user markets namely agro chemicals and surfactants in personal care. We believe that, growth for the Company in these segments is plausible, given its historical track record of developing new products and current focus on R&D operations.

Capacity Expansion to remove bottleneck on growth

Limitations on the production capacity have been one of the major obstacles to Company's growth. This is apparent from production running at utilization rates of > 90% during broad industry up-cycle. In FY08, the Company operated at utilization rates of 94% which dropped to 84% in FY09 because of the global economic slump and incremental capacity addition. In FY10 the Company doubled its capacity to 750MT but again reached utilisation of 96% in FY11 led by robust end market demand. With the industry expected to witness a strong growth, the Company is planning to expand its production capacity 4x from 750MT to 3,650MT by FY13.

Effluent Treatment

The manufacture of intermediates involves generation of residues and discharges which may lead to pollution of air, water or soil if not treated and disposed in an appropriate manner. We have in place management controls and systems, which control and prevent processes, residues and discharges from polluting the air, ground or water.

The primary treatment of the liquid wastes is carried out in-house. The secondary and tertiary treatment is carried out at the local Common Effluent Treatment Plant (CETP). All of our Manufacturing Units are registered with CETP, Badlapur. The liquid waste is the water from the processes, boiler blow-down, cooling tower blow-down etc. This water has impurities like suspended solids, oil & grease etc. This water is treated prior to discharge out of the factory and the primary treatment involves neutralization, flocculation etc. The neutralized effluent is drained into underground pipelines laid by CETP and this effluent gets collected in the Common Effluent Sump at CETP.

Airborne emissions are scrubbed in scrubbers and are discharged after removal of hazardous soluble gases and insoluble particles like dust.

All of our manufacturing units are registered with Mumbai Waste Management Limited at Taloja. The Solid wastes generated at each Unit is collected periodically and treated before further disposal. The processes are optimized to focus on minimizing the generation of waste and thereby preventing pollution at source.

Quality Control

Quality control has two aspects: one is maintaining the quality of raw materials, which we procure for captive consumption and another is maintaining the quality of the products we manufacture. Keeping in mind this objective, we have quality control departments at our Unit I, Unit II and Unit III each, the activities of which comprise of collection and preparation of samples, testing of raw materials and other process inputs inspection, testing and quality certification of finished products, preparation of technical information sheet and issue of certificate of analysis.

Our Unit II has been granted ISO 9001:2008 for its quality management systems. Our quality control laboratory is equipped with various equipments such as High Performance Liquid Chromatographs (HPLC), Gas Chromatographs (GCs), vacuum dryer, sonicator, Atomic Absorption Spectroscopy (AAS), spectrophotometer, polarimeter, IR, UV spect.

AUDITORS' REPORT

To

The Members Of

OMKAR SPECIALITY CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of OMKAR SPECIALITY CHEMICALS LIMITED as at 31st March 2011, and also the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 277 of 'The Companies Act, 1956' and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge & 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 appears from examination of such books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211(3C) of Companies Act, 1956;

- e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors of the Company, we report that none of the Directors are disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with the notes thereon give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. in the case of Balance Sheet, of the state of affairs of the company as on 31st March, 2011;
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date ; and
 - iii. in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

S. S. Sinkar
Proprietor
M. No. 109229

Place : Mumbai
Date : 16.05.2011

ANNEXURE TO THE AUDITOR'S REPORT**(Referred to in Paragraph 3 of our report of even date)**

1. (a) The Company is maintaining proper records showing full particulars including quantitative details & situation of fixed assets except for certain items of Fixed Assets, the quantitative details of which, we are informed, are in the process of being compiled.
(b) The fixed assets of the Company have been physically verified by the management during the year at reasonable intervals and no material discrepancies were found on such verification.
(c) The Company has not disposed off a substantial part of its fixed assets during the year under review and the going concern status of the company is not affected.
2. (a) As explained to us and on the basis of verification of the relevant records, stocks of raw materials, work in process and finished goods have been physically verified by the management at regular intervals during the year.
(b) In our opinion, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
(c) In our opinion, and according to the information and explanation given to us the Company has maintained proper records of its inventories. And no material discrepancies were noticed on physical verification.
(d) The valuation of Stock is fair and proper and is in accordance with the generally accepted accounting principles.
3. (a) In our opinion and according to information and explanations given to us, the company has taken unsecured loans from director to the amount ₹ 181.02 lakhs from one party. However, company has not granted any loans to companies, firms or other parties listed in the register required to be maintained under Section 301 of the Companies Act, 1956. of paragraph 3 of the order are not applicable.
(b) In our opinion and according to information and explanations given to us, The rates of interest and other terms and conditions of loans taken by the company, secured or unsecured, are not prima facie prejudicial to the interest of the company.
(c) In our opinion and according to information and explanations given to us, the company has not repaid principal or interest during the year.
(d) In our opinion and according to information and explanations given to us, there is no amount overdue for more than one lakh.
4. In our opinion and according to information and explanations given to us, there is adequate internal control through personal supervision of the management in respect of the purchases of stores, raw materials including components, plant & machinery, equipments & other assets, & for the sale of the goods and services.

5. (a) According to the information and explanation given to us and to the best of our knowledge the contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to information and explanation given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year, to which the directives issued by the Reserve Bank of India & the provisions of Section 58-A and 58-AA of the Companies Act 1956 and the rules framed there under apply.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As informed to us, the maintenance of the cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
9. (a) The Company has been generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
(b) According to the information and explanations given to us and the books and records examined by us, there was no undisputed amount outstanding as on 31st March 2011 in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty & Cess.
10. The Company has no accumulated losses as on 31st March 2011 and not incurred cash losses during the financial year covered by our audit as also in the immediately preceding financial year.
11. Based on our audit procedures, and as per the information and explanations given to us by the management, we are of the opinion that according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions and banks.
12. The company has not granted any loans or advances on the basis of the security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments.

15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the year.
20. The company has raised money through the Public Issue during the year. The company has issued 81,00,004 equity shares @ ₹ 98/- per share. (₹ 10/- face value and ₹ 88/- on account of Share Premium) The management has disclosed the end use of money raised by public issue and we have verified the same.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

S. S. Sinkar
Proprietor
M. No. 109229

Place : Mumbai
Date : 16.05.2011

BALANCE SHEET AS AT 31 MARCH 2011

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

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS :			
SHAREHOLDERS FUNDS			
SHARE CAPITAL	1	1,962.80	1,152.80
RESERVES AND SURPLUS	2	7,261.17	435.32
		9,223.97	1,588.12
LOAN FUNDS			
SECURED LOANS	3	3,986.48	2,519.01
UNSECURED LOANS	4	549.16	157.55
		4,535.64	2,676.56
DEFERRED TAX LIABILITY			
		64.99	42.97
		13,824.60	4,307.65
APPLICATION OF FUNDS :			
FIXED ASSETS			
	5		
GROSS BLOCK		2,524.62	1,838.80
LESS : DEPRECIATION		469.38	278.52
NET BLOCK		2,055.24	1,560.28
ADD : CAPITAL WORK IN PROGRESS		1,759.33	57.93
		3,814.57	1,618.21
INVESTMENTS			
In Equity Shares of Subsidiary Company		130.10	-
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	6	3,007.75	1,948.18
SUNDRY DEBTORS	7	2,721.44	1,657.71
CASH AND BANK BALANCES	8	3,860.19	41.93
LOANS AND ADVANCES	9	3,716.11	858.32
		13,305.49	4,506.14
LESS : CURRENT LIABILITIES & PROVISIONS			
	10		
LIABILITIES		2,341.99	1,220.23
PROVISIONS		1,083.57	596.47
		3,425.56	1,816.70
NET CURRENT ASSETS			
		9,879.93	2,689.44
MISCELLANEOUS EXPENDITURE			
(To the extent not written-off or adjusted)		-	-
		13,824.60	4,307.65
NOTES ON ACCOUNTS			
	19		

As per our report of even date

For and on behalf of the Board of Directors

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

S.S. Sinkar
Proprietor
M. No. 109229

Swapnali Puranik
(Company Secretary)

Place : Mumbai
Date : 16.05.2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

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

	Schedule	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Sales (Net)	11	10,676.00	6,834.96
Other Income	12	53.46	26.54
Increase/(Decrease) in stock of Finished Goods		44.46	30.41
		10,773.92	6,891.91
EXPENDITURE			
Cost of Material Consumed	13	7,503.82	4,619.28
Other Manufacturing Expenses	14	544.71	402.77
Cost of Employment	15	307.84	340.62
Administrative, Selling & Distribution Expenses	16	270.86	220.63
Finance Expenses	17	484.77	374.40
		9,112.00	5,957.70
Profit before Depreciation		1,661.92	934.21
Less : Depreciation		190.86	185.34
Profit before Tax		1,471.06	748.87
Provision for Taxation -			
Previous year adjustment		-	(2.53)
Current Tax		435.00	212.00
Deferred Tax		22.02	21.03
Net Profit After Tax		1,014.04	518.37
Add: Surplus brought forward from previous year		304.92	904.46
Amount Available for Appropriation		1,318.96	1,422.83
APPROPRIATIONS			
Capitalised by way of bonus issue		-	900.70
Transfer to general Reserve		150.00	150.00
Proposed Dividend on Equity Shares		196.28	57.64
Corporate Tax on Dividend		32.60	9.57
Balance Carried to Balance Sheet		940.08	304.92
		1,318.96	1,422.83
Earnings Per Share (in ₹)	18		
Basic & Diluted		7.95	44.97
Face Value of Equity Shares (in ₹)		10	100
Significant Accounting Policies and Notes to Accounts	19		

As per our report of even date

For and on behalf of the Board of Directors

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

S.S. Sinkar
Proprietor
M. No. 109229

Swapnali Puranik
(Company Secretary)

Place : Mumbai
Date : 16.05.2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

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

	For the year ended 31 March 2011	For the year ended 31 March 2010
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extra ordinary items	1,471.06	748.88
Adjustment for :		
Depreciation	190.86	185.34
Preliminary Expenses written off	-	0.27
Interest Income	(42.31)	(7.34)
Unrealized Foreign Currency Gain/Loss	8.17	(0.93)
Interest/Finance Expenses	484.77	374.40
Operating profit before working capital changes :	2,112.55	1,300.62
Adjustment for :		
Decrease/(Increase) in Inventories	(1,059.57)	(423.87)
Decrease/(Increase) in Sundry Debtors	(1,061.93)	(160.19)
Decrease/(Increase) in Loans and Advances	(2,581.62)	(132.20)
Increase/ (Decrease) in Trade and Other Payables	935.00	264.22
Taxes Paid	(276.17)	(220.71)
Cash flow from operations	(1,931.74)	627.87
Extra ordinary items:	-	-
Net cash flow from operating activities:	(1,931.74)	627.87
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets/Capital Work in Process	(2,387.22)	(307.93)
Investments in Shares of subsidiary company	(130.10)	-
Interest Income	42.31	7.34
Net cash flow from investing activities:	(2,475.01)	(300.59)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decreases) in Un-secured loans	391.62	(459.02)
Increase/(Decreases) in Secured loans	1,467.47	527.37
Increase/(Decreases) in Share Capital & Share Premium	7,938.00	-
Public Issue & Brand Building Expenses	(1,087.31)	-
Interest/Finance Expenses	(484.77)	(374.40)
Net cash flow from financing activities :	8,225.01	(306.05)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS : (A+B+C)	3,818.26	21.23
Cash and cash equivalents at the beginning of the year	41.93	20.70
Cash and cash equivalents at the end of the year	3,860.19	41.93

As per our report of even date

For and on behalf of the Board of Directors

For Siddharth Sinkar & Associates
Chartered Accountants

Firm Registration No. 124931W

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

S.S. Sinkar
Proprietor
M. No. 109229

Swapnali Puranik
(Company Secretary)

Place : Mumbai
Date : 16.05.2011

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
25000000 Equity shares of ₹ 10/- each.		
(previous year 2500000 Equity shares of ₹ 100/- each)	2,500.00	1,500.00
	2,500.00	1,500.00
Issued,Subscribed and Paid-up:		
19628004 Equity shares of ₹ 10/- each fully paid-up		
(previous year 1152800 Equity shares of ₹ 100/- each fully paid-up)	1,962.80	1,152.80
	1,962.80	1,152.80

Notes:

of the above equity shares:-

- 1) 25100 (Previous year 25100) Equity shares of ₹ 100/- each have been issued for consideration other than cash
- 2) Nil (previous year 11,26,600) Equity shares of ₹ 100/- each have been allotted as fully paid -up by way of bonus shares by way of capitalization of Profits & Security Premium A/c
- 3) Existing nominal value of ₹ 100/- per Equity Share sub-divided into ₹ 10/- per Equity Share.
- 4) 8100004 (previous year Nil) Equity shares of ₹ 10 each have been issued at premium of ₹ 88 each by public offer.

SCHEDULE 2 : RESERVES & SURPLUS

Security Premium Account

Balance as per last Balance Sheet	-	225.90
Add: 8100004 equity share Public offer at premium of ₹ 88 each	7,128.00	-
Less : Public Issue & Brand Building Expenses	1,087.31	-
Less : Capitalised by way of bonus issue	-	225.90
	6,040.69	-

General Reserve

Balance as per Last Balance Sheet	130.40	-
Add: Transferred from Profit and Loss Account	150.00	150.00
	280.40	150.00
Less: Transferred Provision for Gratuity for the earlier year	-	19.60
	280.40	130.40

Profit & Loss Account :

Balance as per last Balance Sheet	304.92	904.46
Add: Current year profit	1,014.04	518.37
	1,318.96	1,422.83
Less: Provision for Dividend and DDT	228.88	67.21
Less: Transferred to General Reserve	150.00	150.00
Less: Capitalised by way of bonus issue	-	900.70
	940.08	304.92
	7,261.17	435.32

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 3 : SECURED LOANS		
Term Loans		
(i) From Banks		
Rupee Loans	999.35	607.50
Working Capital Loans from Banks	2,987.13	1,911.51
	3,986.48	2,519.01

Note:

- 1) a) Term loans from Banks were secured by way of hypothecation of stock and book debts and first charge on land, building and plant and machinery situated at Plot No. F-24, Plot No. W-92A, Plot No. F -10/1, Plot No. B-34, MIDC, Badlapur, Dist : Thane, Maharashtra
- b) Personal guarantee of the promoter directors of the company
- 2) a) Working Capital Loans from Banks were secured by way of hypothecation of stock and book debts and first charge on land building and plant and machinery situated at Plot No. F-24, Pot No. W-92A, Plot No. F -10/1, MIDC, Badlapur, Dist : Thane, Maharashtra
- b) Personal guarantee of the promoter directors of the company

SCHEDULE 4: UNSECURED LOANS

Term loans from Financial Institutions	246.41	59.80
Short Term loans from Financial Institutions	121.73	92.54
Loans from Directors	181.02	5.21
	549.16	157.55

Note:

- 1) Term loans from Financial Institutions are due within a year (previous year ₹ 152.51)
- 2) Short Term Loans from Financial Institutions are due within a year (previous year ₹ 150.35)
- 3) Term Loans from Financial Institutions are secured by personal guarantee of the promoter directors of the company

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

SCHEDULE 5 : FIXED ASSETS

SR. No.	Description of the Assets	Rate of Depreciation	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			Cost as on 01.04.2010 ₹	Additions during the year ₹	Deduction ₹	Cost as on 31.03.2011 ₹	Upto 01.04.2010 ₹	For the year ₹	Deduction ₹	Upto 31.03.2011 ₹	WDV as on 31.03.2011 ₹	WDV as on 31.03.2010 ₹
1	Leasehold Land	-----	228.14	17.65	-	245.79	7.34	3.23	-	10.57	235.22	220.80
2	Factory Building	10.00%	590.60	91.18	-	681.78	78.32	52.15	-	130.47	551.31	512.28
3	Plant & Machinery (R&D)	13.91%	99.38	172.16	-	271.54	14.84	14.87	-	29.71	241.83	84.54
4	Plant & Machinery	13.91%	817.64	253.68	-	1,071.32	143.84	102.20	-	246.04	825.28	673.80
5	Electrical Installation	13.91%	28.98	142.49	-	171.47	6.37	5.79	-	12.16	159.31	22.60
6	Furniture & Fixture	18.10%	20.78	0.46	-	21.24	7.17	2.54	-	9.71	11.53	13.61
7	Office Equipments	13.91%	16.32	0.83	-	17.15	3.72	1.81	-	5.53	11.62	12.60
8	Computer	40.00%	20.00	7.37	-	27.37	8.43	6.08	-	14.51	12.86	11.58
9	Motor Car and Cycle	25.89%	16.96	-	-	16.96	8.49	2.19	-	10.68	6.28	8.47
	Total	Rupees	1,838.80	685.82	-	2,524.62	278.52	190.86	-	469.38	2,055.24	1,560.28
10	Capital Work in Progress		57.93	1,701.40	-	1,759.33	-	-	-	-	1,759.33	57.93
	TOTAL	Rupees	1,896.73	2,387.22	-	4,283.95	278.52	190.86	-	469.38	3,814.57	1,618.21
	Previous Year	Rupees	(1,588.79)	(307.93)		(1,896.73)	(93.18)	(185.34)		(278.52)	(1,618.20)	(1,495.61)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 6: INVENTORIES		
Stock in Trade		
Raw Materials and Packing Materials	986.20	629.43
Stores and Spares	4.53	-
Work in Process	1,822.18	1,168.37
Finished Goods	194.84	150.38
	3,007.75	1,948.18

Note:

- 1) Stock of Raw Materials, Packing Materials, Stores and Spares and Work in Process is valued at cost and Finished goods is valued at lower of cost or net realizable value

SCHEDULE 7: SUNDRY DEBTORS

(Unsecured, Considered Good)

Over Six months	258.52	93.17
Others	2,462.92	1,564.54
	2,721.44	1,657.71

SCHEDULE 8: CASH AND BANK BALANCE

Cash in Hand	0.86	1.55
Balances with Scheduled Banks :		
In Current Accounts	1,339.13	40.38
In Deposits Accounts	2,520.20	-
	3,860.19	41.93

SCHEDULE 9: LOANS AND ADVANCES

unsecured, Considered good unless otherwise stated

Advances recoverable in cash or in kind or for value to be received

Considered good	2,430.41	75.40
Deposits	287.54	191.24
Balance With Customs, Excise and Service Tax Authorities	334.15	71.90
Advance payment of Income Tax	622.30	481.29
Advance payment of Fringe Benefit Tax	1.70	2.88
Advance payment of Sales tax	40.01	35.61
	3,716.11	858.32

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011	As at 31 March 2010
SCHEDULE 10: CURRENT LIABILITIES AND PROVISIONS		
LIABILITIES		
Sundry Creditors for Goods	1,861.83	1,069.84
Sundry Creditors for Expenses	333.13	138.57
Statutory Liabilities	10.66	6.76
Interest Accrued but not due on loans	3.23	0.79
Advance Recd. from Customers	133.14	4.27
	2,341.99	1,220.23

The Ministry of Micro, Small and Medium Enterprises has issued on Office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Based on information available with the management, there are no over dues outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the company has not received any claim for interest from any supplier under the said Act.

PROVISIONS

For Gratuity	41.41	25.63
For Taxation	803.70	503.63
For Proposed Dividend on Equity Shares	196.28	57.64
For Corporate tax on Dividend	42.18	9.57
	1,083.57	596.47

SCHEDULE NO. 11: SALES

Domestic Sales	10,289.25	6,654.63
Exports Sales	1,148.19	575.96
Sales (Gross)	11,437.44	7,230.59
Less: Excise Duty	761.44	395.63
Sales (Net)	10,676.00	6,834.96

SCHEDULE NO. 12: OTHER INCOME

Duty Draw Back Receivable	2.27	8.94
Forex Gain	-	8.64
Interest Receivable	42.31	7.34
Income From Sale of Sample	1.21	1.62
Commission Received	7.67	-
	53.46	26.54

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011	As at 31 March 2010
SCHEDULE NO. 13: COST OF MATERIAL CONSUMED		
Opening Stock	629.43	738.70
Add : Purchases	8,514.40	5,012.74
Less: Closing Stock	986.20	629.43
Consumption (A)	8,157.63	5,122.01
Increase/ Decrease in Working Process		
Opening stock:		
Work in Process	1,168.37	665.64
Closing Stock:		
Work in Process	1,822.18	1,168.37
Increase/ Decrease (B)	(653.81)	(502.73)
(A+B)	7,503.82	4,619.28
SCHEDULE NO. 14: OTHER MANUFACTURING EXPENSES		
Central Excise Duty	26.21	29.47
Factory Electricity Charges	36.62	33.62
Water Charges	8.15	10.15
Packing & Testing Charges	1.29	1.30
Laboratory Expenses	11.54	13.08
Consumable Stores	157.57	86.40
Processing Charges	186.49	139.11
Repairs & Maintenance	60.16	56.21
Freight Inward	54.86	32.57
Sundry Factory Expenses	1.82	0.86
	544.71	402.77
SCHEDULE NO. 15: COST OF EMPLOYMENT		
Salary & Wages -Factory	55.24	25.58
Labour Charges	94.59	96.50
Directors Remuneration	40.86	139.70
Salary & Wages- Others	101.37	72.80
Gratuity	15.78	6.04
	307.84	340.62

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011	As at 31 March 2010
<u>SCHEDULE NO. 16: ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES</u>		
Rates & Taxes	9.85	9.24
Printing & Stationery	8.20	4.09
Postage, Telephone & Internet charges	14.56	11.50
Conveyance and Travelling	6.72	3.32
Freight & Transportation Charges	25.60	33.45
Insurance	16.36	14.75
Sales Promotion Expenses	10.21	21.37
Commission	41.35	38.32
Repairs & Maintenance- Others	24.66	14.11
Forex Currency Loss	42.85	-
Staff Welfare Expenses	12.87	7.31
Auditors Remuneration	4.20	2.65
Professional Fees	30.41	40.76
ROC Charges	0.39	12.39
Misc. Expenses	22.63	7.10
Preliminary Expenses Written off	-	0.27
	270.86	220.63
<u>SCHEDULE NO. 17: FINANCE EXPENSES</u>		
Bank Interest	345.71	264.25
Other Interest	41.31	42.46
Other Finance Charges	97.75	67.69
	484.77	374.40
<u>SCHEDULE NO. 18: EARNING PER SHARE</u>		
Net profit/(loss) attributable to equity shareholders	1,014.04	518.38
Number of weighted average equity shares		
Basic	11,528,000	1,152,800
Public issue of Equity shares	1,220,549	-
	12,748,549	1,152,800
Nominal Value of equity shares (₹)	10	100
Earnings/(loss) per share (₹)		
Basic & Diluted	7.95	44.97

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**SCHEDULE 19: SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 31 MARCH 2011**

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

(A) SIGNIFICANT ACCOUNTING POLICIES:**a) 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, 1956 and the applicable accounting standards. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

b) 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.

c) FIXED ASSETS:

Fixed Assets are recorded and stated at cost, net of excise duty (CENVAT) and VAT less accumulated depreciation and impairment loss, if any. Cost includes all direct and indirect costs relating to the acquisition and installation of fixed assets, interest on borrowed funds, if any, used to finance/construction of fixed assets ready for commercial use. Leasehold land is amortised over the period of lease.

d) 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 transactions settled during the year 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.

e) INVENTORIES :

- 1) 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 & WIP are valued taking into consideration Material cost plus share of labour and manufacturing overheads. Finished goods are valued at cost or net realizable value whichever is lower.

f) REVENUE RECOGNITION:

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

g) INVESTMENTS:

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. Current investments are carried at the lower of cost and realisable value, determined on an individual investment basis. Long-term investments are carried at cost less any other-than-temporary diminution in value, determined separately in respect of each category of investment.

h) 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.

i) 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.

j) DEPRECIATION:

Depreciation on all fixed assets is provided as per the provisions of Companies Act, 1956 on Written Down Value Method.

k) EMPLOYEE BENEFITS:

- a) 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.

- b) Provision for Gratuity is made and provided on actuarial valuation basis.

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

l) 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:

- a) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.
- b) "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."

m) 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.

n) 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.

o) 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.

p) CHANGES IN ACCOUNTING POLICIES:

There have been no changes in accounting policies during the reported period.

q) 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.

r) 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.

s) SECURITY PREMIUM ACCOUNT:

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

(B) SIGNIFICANT NOTES TO ACCOUNTS:

- (1) 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.
- (2) In the opinion of the board, the current assets (except stock of raw material, work in process and finished goods), loans and advances are approximately of the value stated, if realized, in the ordinary course of business.

(3) 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.

(4) Deferred Tax Assets/Liability:

Particulars	As on 31 March 2011	As on 31 March 2010
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	232.61	152.04
Deferred Tax Assets:		
On account of gratuity	41.41	25.63
Net Difference	191.20	126.41
Tax Rate in%	33.99	33.99
Net Deferred Tax (Assets)/Liabilities	64.99	42.97

(5) Contingent Liabilities:

Particulars	As on 31 March 2011	As on 31 March 2010
Letter of Credit	1596.25	125.52
Estimated Amount of Contracts remaining to be executed on capital account	2213.16	492.08
Total	3809.41	617.60

Note :

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.

(6) Payment to Auditors (exclusive of service tax):

Particulars	For the Year Ended 31 March 2011	For the Year Ended 31 March 2010
Audit Fees	3.00	1.20
Tax Audit Fees	0.60	0.60
Other	1.20	0.60
Total	4.80	2.40

(7) Employee benefits

The Company provides gratuity retirement benefits to its employees.

During the year, the company has recognized an expenses of ₹ 12.71/- (previous year ₹ 8.42/-) pertaining to employers' contribution to provident fund schemes which is included in "cost of employment" schedule 15.

The following tables sets out the disclosures relating to gratuity benefits as required by Accounting Standard -15 Employee Benefits:

Past Service Cost Recognised

Particulars	For the Year Ended 31 March 2011	For the Year Ended 31 March 2010
Past Service Cost-(non vested benefits)	1.52	-
Past Service Cost-(vested benefits)	6.90	-
Average remaining future service till vesting of benefits	3	-
Recognized Past Service Cost-non vested benefits	0.50	-
Recognized Past Service Cost -vested benifits	6.90	-
Unrecognised Past Service Cost -non vested benefits	1.01	-

Actuarial Gain/(loss) Recognised

Particulars	For the Year Ended 31 March 2011	For the Year Ended 31 March 2010
Actuarial gain/(Loss) for the year (Obligation)	6.09	2.14
Actuarial gain/(Loss) for the year (Plan Assets)	-	-
Total Gain/(Loss) for the year	6.09	2.14
Actuarial Gain/(Loss) recognized for the year	6.09	2.14
Unrecognised Actuarial Gain/(Loss) at the end of the year	-	-

Changes in the present value of obligation:

Particulars	For the Year Ended 31 March 2011	For the Year Ended 31 March 2010
Present value of obligation at beginning of year	25.63	19.59
Add : Interest Cost	2.05	1.37
Add : Current Service Cost	12.42	6.80
Add : Past Service Cost	8.41	-
Less: Benefits paid	-	-
Add : Actuarial (gain)/loss on obligation	(6.09)	(2.13)
Present value of obligation at end of year	42.42	25.63

Changes in the Fair value of Plan Assets:

Particulars	For the Year Ended 31 March 2011	For the Year Ended 31 March 2010
Fair value of Plan Assets at beginning of year	-	-
Add: Actual return on Plan Assets	-	-
Add: Contributions	-	-
Less: Benefits Paid	-	-
Add: Actuarial Gain/(loss) on plan assets	-	-
Fair Value of Plan Assets at end of year	-	-

Amounts recognized in the balance sheet

Particulars	For the Year Ended 31 March 2011	For the Year Ended 31 March 2010
Present value of obligation at the end of the year	42.42	25.63
Less: Fair Value of Plan Assets at end of year	(42.42)	(25.63)
Funded Status		
Unrecognized Past Service Cost	1.01	-
Net Asset/(Liability) recognized in the Balance Sheet	(41.41)	(25.63)

Expenses recognized in the profit and Loss account

Particulars	For the Year Ended 31 March 2011	For the Year Ended 31 March 2010
Current Service Cost	12.42	6.80
Add: Interest Cost	2.05	1.37
Add: Past Service Cost	7.39	-
Add: Net Actuarial (Gain)/Loss recognised	(6.09)	(2.13)
Expenses recognized in the Profit and loss Account	15.77	6.04

The following table sets out the assumptions used in actuarial valuation of gratuity:

Particulars	For the Year Ended 31 March 2011	For the Year Ended 31 March 2010
Interest/Discount Rate	8.00%	8.00%
Rate of increase in compensation	15.00%	15.00%
Rate of return (expected) on plan assets	N.A.	N.A.
Employee Attrition Rate (Past Service)	0 to 40 : 5%	0 to 40 : 5%

(8) **Basic and Diluted Earnings Per Share is calculated as under:**

Particulars	As on 31 March 2011	As on 31 March 2010
Profit attributable to Equity Shareholders	1,014.04	18.37
Weighted average number of Equity Shares:		
- Basic and Diluted	12748549	1152800
Earnings per Share (in ₹)		
- Basic and Diluted	7.95	44.97

During the year existing nominal value of ₹ 100/- per Equity Share sub-divided into ₹ 10/- per Equity Share.

(9) **a) Directors Remuneration:**

Particulars	For the Year Ended 31 March 2011	For the Year Ended 31 March 201
Salaries and allowances	40.20	139.70
Contribution to provident and other funds*	0.66	1.06
Sitting Fees	1.72	-

*Does not include the following:

- a) Liability in respect of gratuity (for one of the director) as the same is determined on an actuarial basis for the company as a whole.

b) Determination of net profits in accordance with the provisions of section 349 of the companies Act.1956

Particulars	For the year ended 31 March 2011
Profit before tax as per Profit and Loss account	1471.06
Add: Directors Remuneration	40.86
Net profit	1511.92
Maximum remuneration which can be paid to whole-time Directors as per Companies Act, 1956	151.19
Maximum commission which can be paid to other Directors as per Companies Act, 1956	15.12

Company was converted from Private Limited to Public Limited Company on 18th March 2010. In line with the same net profit under section 349 of the Companies Act, 1956 was not determined for the previous year.

(10) Related Party Transactions:

As required by Accounting Standard -AS 18 "Related Parties Disclosure" issued by the Institute of Chartered Accountants of India are as follows:

Party	Relationship
Mr. Shivdas R. Herlekar	Director - Key Management Personnel
Mr. PravinS. Herlekar	Director - Key Management Personnel
Mr. Dattatraya M. Deshpande	Director - Key Management Personnel
Mr. Girish M. Deshpande	Director - Key Management Personnel
Mr. Omkar P. Herlekar	Director - Key Management Personnel
Mrs. Anjali P.Herlekar	Director - Key Management Personnel
Rishichem Research Limited	Related Party-Common Control Exists

* Mr. Dattatraya M. Deshpande and Mr. Girish M. Deshpande resigned as director of the Company on April 1, 2010.

**Rishichem Research Limited has become a wholly owned subsidiary of the Company with effect from May 14, 2010.

Particulars		As on 31 March 2011	As on 31 March 2010
Processing Charges paid	Related party -common Control Exists		
Rishichem Research Limited	Opening Balance Receivable (Payable)	(18.50)	Nil
	Processing Charges payable	(37.31)	(32.64)
	Received during the year	Nil	Nil
	Paid during the year	31.92	14.14
	Receivable/(Payable) during the year	(23.89)	(18.50)
Directors Remuneration/ Salary	Key Management Personnel		
Mr. Pravin S. Herlekar	Paid during the year	24.00	120.00
Mrs. Anjali P. Herlekar	Paid during the year	3.00	3.00
Mr. Shivdas R. Herlekar	Paid during the year	1.20	1.20
Mr. Omkar P. Herlekar	Paid during the year	12.66	6.70
Mr. D.M.Deshapnde	Paid during the year	-	4.69
Mr. G.M.Deshpande	Paid during the year	-	4.11
Unsecured Loan			
Mr. Pravin S. Herlekar	Opening Balance	Nil	25.00
Taken During the year		248.91	10.00
Repaid During the year		67.89	35.00
Closing Balance		181.02	Nil
Mrs. Anjali P. Herlekar	Opening Balance	1.82	1.82
Taken During the year		Nil	Nil
Repaid During the year		1.82	Nil
Closing Balance		Nil	1.82
Mr. Shivdas R. Herlekar	Opening Balance	3.39	3.39
Taken During the year		Nil	Nil
Repaid During the year		3.39	Nil
Closing Balance		Nil	3.39

(11) Additional information pursuant to paragraphs 3 & 4 of part II of schedule VI to the Companies Act, 1956

A) Particulars of installed capacities and actual production

Particulars	Unit of Measure	Installed Capacity As at 31 March 2011	Actual production For the year ended 31 March 2011	Installed Capacity As at 31 March 2010	Actual production For the year ended 31 March 2010
Iodine Compounds	Kgs/Lakhs	435000	379509	470000	255423
Selenium Compounds	Kgs/Lakhs	75000	71728	70000	47943
Molybdenum Compounds	Kgs/Lakhs	70000	68536	60000	45359
Others	Kgs/Lakhs	170000	168526	150000	112790
Total	Kgs/Lakhs	750000	688299	750000	461515

Note- a) Installed capacities are interchangeable for different compounds
b) Licensed capacities is not applicable

B) Particulars of Production, Sales and Stock of Finished goods:

Particulars	Unit of Measure	Opening Stock		Production Qty	Sales		Closing Stock	
		Qty	Value		Qty	Value	Qty	Value
Iodine Compounds	Kgs/Lakhs	10107	109.76	379509	377152	5287.97	12464	138.76
		4270	42.67	255423	249586	3407.03	10107	109.76
Selenium Compounds	Kgs/Lakhs	398	7.81	71728	71198	2709.34	928	30.79
		2427	50.64	47943	49972	2066.50	398	7.81
Molybdenum Compounds	Kgs/Lakhs	1775	11.58	68536	69793	677.31	518	4.85
		1385	13.28	45359	44969	384.80	1775	11.58
Others	Kgs/Lakhs	4128	21.21	168526	169445	546.43	3208	20.42
		1789	13.36	112790	110451	369.79	4128	21.21
Total	Kgs/Lakhs	16408	150.36	688299	687588	9221.05	17118	194.82
		9871	119.95	461515	454978	6228.12	16408	150.36

C) Particulars of Goods Traded and Job work charges received:

Particulars	Unit of Measure	Goods Traded		Job work Charges	
		Qty	Value	Qty	Value
Iodine Compounds	Kgs/Lakhs	10096	161.63	48	0.31
		21299	210.03	-	-
Selenium Compounds	Kgs/Lakhs	350	16.00	25202	266.15
		1335	31.29	21356	330.74
Others	Kgs/Lakhs	1651904	1008.17	20	2.69
		19761	34.48	976	0.30
Total	Kgs/Lakhs	1662350	1185.80	25270	269.15
		42395	275.80	22332	331.04

D) Particulars of Work in Progress:

Particulars	Unit of Measure	Opening Stock		Closing Stock	
		Qty	Value	Qty	Value
Iodine Compounds	Kgs/Lakhs	21479	276.92	22554	298.71
		15567	184.08	21479	276.92
Selenium Compounds	Kgs/Lakhs	11940	677.40	18181	1258.86
		5918	415.41	11940	677.40
Molybdenum Compounds	Kgs/Lakhs	13114	77.63	11923	90.05
		2196	16.00	13114	77.63
Others	Kgs/Lakhs	24558	136.42	36712	174.56
		10899	50.15	24558	136.42
Total		71091	1168.37	89370	1822.18
		34580	665.64	71091	1168.37

E) Particulars of purchases, consumption and stock of materials:

Particulars	Unit of Measure	Opening Stock		Purchase	Consumption		Closing Stock	
		Qty	Value	Qty	Qty	Value	Qty	Value
Crude iodine	Kgs/Lakhs	26138	213.91	193824	203244	2634.22	16718	103.51
		17047	267.87	156633	147542	1920.26	26138	213.91
Selenium Metal Powder	Kgs/Lakhs	2269	84.31	41475	35538	1505.26	8206	624.03
		9958	281.05	21605	29294	799.72	2269	84.31
Tetra Hydro Furon	Kgs/Lakhs	2000	2.88	44666	46020	75.65	646	1.11
		455	0.48	108000	106455	108.29	2000	2.88
Caustic Soda Flakes	Kgs/Lakhs	9125	1.64	367175	368145	96.57	8155	1.84
		1649	0.52	285700	278224	63.89	9125	1.64
Others	Kgs/Lakhs	155885	326.69	3316742	3357653	3845.93	114974	255.71
		97287	188.78	1451163	1392565	2229.85	155885	326.69
Total	Kgs/Lakhs	195417	629.43	3963882	4010600	8157.63	148699	986.20
		126396	738.70	2023101	1954080	5122.01	195417	629.43

* above consumptions also includes cost of goods traded

(12) Value of Imported raw materials & Stores Consumed and percentage of consumption:

Raw Materials

Sr. No.	Particulars	For the Year Ended 31 March 2011		For the Year Ended 31 March 2010	
		Rupees	Percentage	Rupees	Percentage
1.	Imported	2967.10	36.37%	2140.07	41.78%
2.	Indigenous	5190.53	63.63%	2981.94	58.22%
	TOTAL	8157.63	100.00%	5122.01	100.00%

Consumable Stores

Sr. No.	Particulars	For the Year Ended 31 March 2011		For the Year Ended 31 March 2010	
		Rupees	Percentage	Rupees	Percentage
1.	Imported	-	-	-	-
2.	Indigenous	157.57	100.00%	86.39	100.00%
	TOTAL	157.57	100.00%	86.39	100.00%

- (13) Earnings in foreign exchange:
- | | For the Year Ended
31 March 2011 | For the Year Ended
31 March 2010 |
|---|-------------------------------------|-------------------------------------|
| Value of Exports at F.O.B.
(including exchange difference) | ₹ 1226.57/- | ₹ 633.85/- |
| Technical Service Fees - Gross | Nil | Nil |
| Dividends - Gross | Nil | Nil |
| Interest from Investments | Nil | Nil |
| Others | Nil | Nil |
- (14) Expenditure in foreign currency :
- | | | |
|------------------|-----------|-----------|
| Selling expenses | Nil | Nil |
| Foreign travel | Nil | Nil |
| Other Expenses | ₹ 21.97/- | ₹ 10.93/- |
- (15) Dividend remitted in foreign currency :
- | | | |
|-----------------------------|-----|-----|
| No. of Shareholders | Nil | Nil |
| No. of Shares held in Lakhs | Nil | Nil |
| Net Dividend remitted | Nil | Nil |
- (16) Value of Imports C. I. F. basis :
- | | | |
|--------------------|-------------|-------------|
| Raw Materials | ₹ 2685.96/- | ₹ 1853.57/- |
| Store , Spare etc. | Nil | Nil |
| Capital Goods | ₹ 21.58/- | ₹ 28.87/- |
- (17) 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 VI of the Companies Act, 1956 relating to amounts unpaid as at the year end together with interest paid/ payable, etc., have not been made.
- (18) Basic Earnings Per Share are computed by dividing net profit after tax by weighted average no of equity shares as shown in Schedule 18. Since there are no dilutive potential equity shares, the diluted earnings per share are the same as basic earnings per share.

(C) BALANCE-SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I. Registration Details :

Registration No.	State Code
U 24110 MH 2005 PLC 151589	11
(date: 24.02.2005)	
Balance Sheet Date : 31.03.2011	

II. Capital raised during the year (₹ in Lakhs):

Public Issue	Right Issue.
810.00	Nil
Bonus Issue	Private Placement.
Nil	Nil

III. Position of mobilization and deployment of funds (₹ in Lakhs):

Total Liabilities	Total Assets
13824.60	13824.60
Sources of Funds	Reserves and Surplus
Paid-up Capital	
1962.80	7261.17
Secured Loans	Unsecured Loans
3986.48	549.16
Application of Funds	
Net Fixed Assets	Investments
3814.57	130.10
Net Current Assets	Misc. Expenditure
9879.93	--
Accumulated Losses	
Nil	

IV. Performance of company (₹ in Lakhs):

Total Income	Total Expenditure
10773.92	9302.86
+ - Profit/Loss	+ - Profit/Loss
before Tax	after Tax
1471.06	1014.04
Earning per share in ₹	Dividend rate %
7.95	10.00

D. Generic names of three principal products/services of company (as per monetary terms).

Product description	: Selenium Dioxide
(ITC Code).	: 28112990
Product description.	: Methyl Iodide
(ITC Code).	: 29033930
Product description.	: Benzene Seleninic Anhydride
(ITC Code).	: 29310090

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

S.S. Sinkar
Proprietor
M. No. 109229

Swapnali Puranik
(Company Secretary)

Place : Mumbai
Date: 16.05.2011

CONSOLIDATED FINANCIAL STATEMENTS**AUDITORS' REPORT To The Board of Directors of**

OMKAR SPECIALITY CHEMICALS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS:-

1. We have audited the attached Consolidated Balance Sheet of OMKAR SPECIALITY CHEMICALS LIMITED as at 31st March 2011, and also the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 277 of 'The Companies Act, 1956' and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements and Accounting Standard 23- Accounting for Investments in Associates in Consolidated Financial Statements.
5. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge & 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 appears from examination of such books;
 - c. The Consolidated Balance Sheet, Consolidated Profit and Loss Account and Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211(3C) of Companies Act, 1956;
 - e. On the basis of the written representations received from the Directors and taken on record by the Board of Directors of the Company, we report that none of the Directors are disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with the notes thereon give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. in the case of Consolidated Balance Sheet, of the state of affairs of the company as on 31st March, 2011;
 - ii. in the case of the Consolidated Profit and Loss Account, of the Profit of the Company for the year ended on that date ; and
 - iii. in the case of Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

Place : Mumbai
Date : 16.05.2011

S. S. Sinkar
Proprietor
M. No. 109229

ANNEXURE TO THE AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

(Referred to in Paragraph 3 of our report of even date)

1. (a) The Company is maintaining proper records showing full particulars including quantitative details & situation of fixed assets except for certain items of Fixed Assets, the quantitative details of which, we are informed, are in the process of being compiled.
(b) The fixed assets of the Company have been physically verified by the management during the year at reasonable intervals and no material discrepancies were found on such verification.
(c) The Company has not disposed off a substantial part of its fixed assets during the year under review and the going concern status of the company is not affected.
2. (a) As explained to us and on the basis of verification of the relevant records, stocks of raw materials, work in process and finished goods have been physically verified by the management at regular intervals during the year.
(b) In our opinion, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
(c) In our opinion, and according to the information and explanation given to us the Company has maintained proper records of its inventories. And no material discrepancies were noticed on physical verification .
(d) The valuation of Stock is fair and proper and is in accordance with the generally accepted accounting principles.
3. (a) According to information and explanations given to us, the company has taken unsecured loan from one director amounting to ₹ 206.37 lakhs. However, company has not granted any loans to companies, firms or other parties listed in the register required to be maintained under Section 301 of the Companies Act, 1956. of paragraph 3 of the order are not applicable.
(b) In our opinion and according to information and explanations given to us, The rates of interest and other terms and conditions of loans taken by the company, secured or unsecured, are not prima facie prejudicial to the interest of the company.
(c) In our opinion and according to information and explanations given to us, The company has not repaid principal or interest during the year.
(d) In our opinion and according to information and explanations given to us, there is no amount overdue for more than one lakh.
4. In our opinion and according to information and explanations given to us, there is adequate internal control through personal supervision of the management in respect of the purchases of stores, raw materials including components, plant & machinery, equipments & other assets, & for the sale of the goods and services.

5. (a) According to the information and explanation given to us and to the best of our knowledge the contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to information and explanation given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year, to which the directives issued by the Reserve Bank of India & the provisions of Section 58-A and 58-AA of the Companies Act 1956 and the rules framed there under apply.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As informed to us, the maintenance of the cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
9. (a) The Company has been generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
(b) According to the information and explanations given to us and the books and records examined by us, there was no undisputed amount outstanding as on 31st March 2011 in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty & Cess.
10. The Company has no accumulated losses as on 31st March 2011 and not incurred cash losses during the financial year covered by our audit as also in the immediately preceding financial year.
11. Based on our audit procedures, and as per the information and explanations given to us by the management, we are of the opinion that according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions and banks.
12. The company has not granted any loans or advances on the basis of the security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the year.
20. The company has raised money through the Public Issue during the year. The company has issued 81,00,004 equity shares @ ₹ 98/- per share. (₹ 10/- face value and ₹ 88/- on account of Share Premium)
21. During the course of our examination of the books and records of the Company, carried out in accordance of with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

Place : Mumbai
Date : 16.05.2011

S. S. Sinkar
Proprietor
M. No. 109229

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

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

	Schedule	As at 31 March 2011
SOURCES OF FUNDS :		
SHAREHOLDERS FUNDS		
SHARE CAPITAL	1	1,962.80
RESERVES AND SURPLUS	2	7,264.94
		9,227.74
MINORITY INTEREST		0.07
LOAN FUNDS		
SECURED LOANS	3	3986.48
UNSECURED LOANS	4	574.51
		4,560.99
DEFERRED TAX LIABILITY		66.02
		13,854.82
APPLICATION OF FUNDS :		
FIXED ASSETS	5	
GROSS BLOCK		2,649.00
LESS: DEPRECIATION		472.16
NET BLOCK		2,176.84
ADD : CAPITAL WORK IN PROGRESS		1,759.33
		3,936.17
INVESTMENTS		
In Equity Shares		0.25
CURRENT ASSETS, LOANS & ADVANCES		
INVENTORIES	6	3,015.00
SUNDRY DEBTORS	7	2,723.70
CASH AND BANK BALANCES	8	3,871.98
LOANS AND ADVANCES	9	3,736.37
		13,347.05
LESS : CURRENT LIABILITIES & PROVISIONS	10	
LIABILITIES		2,325.52
PROVISIONS		1,103.13
		3,428.65
NET CURRENT ASSETS		9,918.40
MISCELLANEOUS EXPENDITURE		
(To the extent not written-off or adjusted)		-
		13,854.82
NOTES ON ACCOUNTS	19	

As per our report of even date
For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

S.S. Sinkar
Proprietor
M. No. 109229

Place : Mumbai
Date : 16.05.2011

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

Swapnali Puranik
(Company Secretary)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

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

	Schedule	For the year ended 31 March 2011
INCOME		
Sales (Net)	11	10,676.00
Other Income	12	53.46
Increase/(Decrease) in stock of Finished Goods		44.46
		10,773.92
EXPENDITURE		
Cost of Material Consumed	13	7,503.95
Other Manufacturing Expenses	14	517.26
Cost of Employment	15	323.20
Administrative, Selling & Distribution Expenses	16	273.83
Finance Expenses	17	484.79
		9,103.03
Profit before Depreciation		1,670.89
Less : Depreciation		193.63
Profit before Tax		1,477.26
Provision for Taxation -		
Current Tax		437.00
Deferred Tax		21.98
Net Profit After Tax		1,018.28
Add: Surplus brought forward from previous year		304.92
Amount Available for Appropriation		1,323.20
APPROPRIATIONS		
Transfer to general Reserve		150.00
Proposed Dividend on Equity Shares		196.28
Corporate Tax on Dividend		32.60
Balance Carried to Balance Sheet		944.32
		1,323.20
Earnings Per Share (in ₹)	18	
Basic & Diluted		7.99
Face Value of Equity Shares (in ₹)		10
Significant Accounting Policies and Notes to Accounts	19	

As per our report of even date

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

S.S. Sinkar
Proprietor
M. No. 109229

Place : Mumbai
Date : 16.05.2011

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

Swapnali Puranik
(Company Secretary)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

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

	For the year ended 31 March 2011
A CASH FLOW FROM OPERATING ACTIVITIES :	
Net profit before tax and extra ordinary items	1,477.26
Adjustment for :	
Depreciation for the year	193.63
Pre- acquisition Profits of subsidiary	(0.68)
Share of Minority Interest Post Acquisition profits	(0.01)
Interest Income	(42.31)
Unrealized Foreign Currency Gain/Loss	8.17
Interest/Finance Expenses	484.79
Operating profit before working capital changes :	2,120.85
Adjustment for :	
Decrease/(Increase) in Inventories	(1,066.82)
Decrease/(Increase) in Sundry Debtors	(1,064.18)
Decrease/(Increase) in Loans and Advances	(2,596.89)
Increase/ (Decrease) in Trade and Other Payables	937.38
Due to Minority Interest	0.07
Taxes Paid	(281.16)
Cash flow from operations	(1,950.75)
Extra ordinary items:	-
Net cash flow from operating activities:	(1,950.75)
B CASH FLOW FROM INVESTING ACTIVITIES :	
Purchase of fixed assets/Capital Work in Process	(2,415.02)
Goodwill arising on Consolidation	(96.58)
Investments	(0.25)
Interest Income	42.31
Net cash flow from investing activities:	(2,469.54)
C CASH FLOW FROM FINANCING ACTIVITIES :	
Increase/(Decrease) in Un-secured loans	416.96
Increase/(Decrease) in Secured loans	1,467.48
Increase/(Decrease) in Share Capital & Share Premium	(1,087.31)
Public Issue & Brand Building Expenses	7,938.00
Interest/Finance Expense	(484.79)
Net cash flow from financing activities :	8,250.34
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS : (A+B+C)	3,830.05
Cash and cash equivalents at the beginning of the year	41.93
Cash and cash equivalents at the end of the year	3,871.98

As per our report of even date

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

S.S. Sinkar
Proprietor
M. No. 109229

Place : Mumbai
Date : 16.05.2011

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

Swapnali Puranik
(Company Secretary)

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011
SCHEDULE 1 : SHARE CAPITAL	
Authorised :	
25000000 Equity shares of ₹ 10/- each.	2,500.00
	2,500.00
Issued,Subscribed and Paid-up:	
19628004 Equity shares of ₹ 10/- each fully paid-up	1,962.80
	1,962.80

Notes:

of the above equity shares:-

- 1) 25100 Equity shares of ₹ 100/- each have been issued for consideration other than cash
- 2) Existing nominal value of ₹ 100/- per Equity Share sub-divided into ₹ 10/- per Equity Share.
- 3) 8100004 Equity shares of ₹ 10 each have been issued at premium of ₹ 88 each by public offer.

SCHEDULE 2 : RESERVES & SURPLUS

Security Premium Account

Balance as per last Balance Sheet	-
Add: 8100004 equity share Public offer at premium of ₹ 88 each	7,128.00
Less : Public Issue & Brand Building Expenses	1,087.31
	6,040.69

General Reserve

Balance as per Last Balance Sheet	130.40
Add: Transferred from Profit and Loss Account	150.00
	280.40

Profit & Loss Account :

Balance as per last Balance Sheet	304.92
Add: Current year profit	1,014.04
Add: Share of subsidiary company	3.77
	1,322.73
Less: Provision for Dividend and DDT	228.88
Less: Transferred to General Reserve	150.00
	943.85
	7,264.94

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011
<u>SCHEDULE 3 : SECURED LOANS</u>	
Term Loans	
(i) From Banks	
Rupee Loans	999.35
Working Capital Loans from Banks	2,987.13
	3,986.48

Note:

- 1) a) Term loans from Banks were secured by way of hypothecation of stock and book debts and first charge on land, building and plant and machinery situated at Plot No. F-24, Plot No. W -92A, Plot No. F -10/1, Plot No. B-34, MIDC, Badlapur, Dist : Thane, Maharashtra
- b) Personal guarantee of the promotor directors of the company
- 2) a) Working Capital Loans Banks were secured by way of hypothecation of stock and book debts and first charge on land building and plant and machinery situated at Plot No. F-24, Plot No. W -92A, Plot No. F -10/1, MIDC, Badlapur, Dist : Thane, Maharashtra
- b) Personal guarantee of the promoter directors of the company

SCHEDULE 4: UNSECURED LOANS

Term loans from Financial Institutions	246.41
Short Term loans from Financial Institutions	121.73
Loans from Directors	206.37
	574.51

Note:

- 1) Term loans from Financial Institutions are due within a year
- 2) Short Term Loans from Financial Institutions are due within a year
- 3) Term Loans from Financial Institutions are secured by personal guarantee of the promoter directors of the company

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

SCHEDULE 5 : FIXED ASSETS

SR. No.	Description of the Assets	Rate of Depreciation	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			Cost as on 01.04.2010 ₹	Additions during the year ₹	Deduction ₹	Cost as on 31.03.2011 ₹	Upto 01.04.2010 ₹	For the year ₹	Deduction ₹	Upto 31.03.2011 ₹	WDV as on 31.03.2011 ₹	WDV as on 31.03.2010 ₹
1	Leasehold Land	-----	228.14	19.41	-	247.55	7.34	3.23	-	10.57	236.98	220.80
2	Goodwill	-----	-	96.58	-	96.58	-	-	-	-	96.58	-
3	Factory Building	10.00%	590.60	108.26	-	698.86	78.32	53.85	-	132.17	566.69	512.28
4	Plant & Machinery (R&D)	13.91%	99.38	176.62	-	276.00	14.84	15.43	-	30.27	245.73	84.54
5	Plant & Machinery	13.91%	817.64	256.96	-	1074.60	143.84	102.51	-	246.35	828.25	673.80
6	Electrical Installation	13.91%	28.98	142.95	-	171.93	6.37	5.86	-	12.23	159.70	22.60
7	Furniture & Fixture	18.10%	20.78	0.93	-	21.71	7.17	2.63	-	9.80	11.91	13.61
8	Office Equipments	13.91%	16.32	1.05	-	17.37	3.72	1.84	-	5.56	11.81	12.60
9	Computer	40.00%	20.00	7.44	-	27.44	8.43	6.10	-	14.53	12.91	11.58
10	Motor Car and Cycle	25.89%	16.96	-	-	16.96	8.49	2.19	-	10.68	6.28	8.47
	Total	Rupees	1,838.80	810.20	-	2649.00	278.52	193.64	-	472.16	2176.84	1,560.28
11	Capital Work in Progress		57.93	1,701.40	-	1,759.33	-	-	-	-	1,759.33	57.93
	TOTAL	Rupees	1,896.73	2,511.60	-	4,408.33	278.52	193.64	-	472.16	3936.17	1,618.21

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011
<u>SCHEDULE 6: INVENTORIES</u>	
Stock in Trade	
Raw Materials and Packing Materials	993.45
Stores and Spares	4.53
Work in Process	1,822.18
Finished Goods	194.84
	3,015.00

Note:

- 1) Stock of Raw Materials, Packing Materials, Stores and Spares and Work in Process is valued at cost and Finished goods is valued at lower of cost or net realizable value

SCHEDULE 7: SUNDRY DEBTORS

(Unsecured, Considered Good)

Over Six months	260.73
Others	2,462.97
	2,723.70

SCHEDULE 8: CASH AND BANK BALANCE

Cash in Hand	1.02
Balances with Scheduled Banks :	
In Current Accounts	1350.76
In Deposits Accounts	2,520.20
	3,871.98

SCHEDULE 9: LOANS AND ADVANCES

unsecured, Considered good unless otherwise stated

Advances recoverable in cash or in kind or for value to be received	
Considered good	2,430.55
Deposits	288.37
Balance With Customs, Excise and Service Tax Authorities	334.15
Advance payment of Income Tax	641.30
Advance payment of Fringe Benefit Tax	1.75
Advance payment of Sales tax	40.25
	3,736.37

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011
SCHEDULE 10: CURRENT LIABILITIES AND PROVISIONS	
LIABILITIES	
Sundry Creditors for Goods	1,861.83
Sundry Creditors for Expenses	316.39
Statutory Liabilities	10.93
Interest Accrued but not due on loans	3.23
Advance Recd. from Customers	133.14
	2,325.52

The Ministry of Micro, Small and Medium Enterprises has issued on Office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Based on information available with the management, there are no over dues outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the company has not received any claim for interest from any supplier under the said Act.

PROVISIONS

For Gratuity	41.41
For Taxation	823.26
For Proposed Dividend on Equity Shares	196.28
For Corporate tax on Dividend	42.18
	1,103.13

SCHEDULE NO. 11: SALES

Domestic Sales	10,289.25
Exports Sales	1,148.19
Sales(Gross)	11,437.44
Less: Excise Duty	761.44
Sales (Net)	10,676.00

SCHEDULE NO. 12: OTHER INCOME

Duty Draw Back Receivable	2.27
Interest Receivable	42.31
Income From Sale of Sample	1.21
Commission Received	7.67
	53.46

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011
<u>SCHEDULE NO. 13: COST OF MATERIAL CONSUMED</u>	
Opening Stock	636.68
Add : Purchases	8,514.53
Less: Closing Stock	993.45
Consumption (A)	8,157.76
Increase/ Decrease in Working Process	
Opening stock:	
Work in Process	1,168.37
Closing Stock:	
Work in Process	1,822.18
Increase/ Decrease (B)	(653.81)
(A+B)	7,503.95
<u>SCHEDULE NO. 14: OTHER MANUFACTURING EXPENSES</u>	
Central Excise Duty	26.21
Factory Electricity Charges	39.13
Water Charges	8.57
Packing & Testing Charges	1.28
Laboratory Expenses	14.20
Consumable Stores	158.69
Processing Charges	149.17
Repairs & Maintenance	63.01
Freight Inward	54.86
Sundry Factory Expenses	2.14
	517.26
<u>SCHEDULE NO. 15: COST OF EMPLOYEMENT</u>	
Salary & Wages - Factory	62.13
Labour Charges	103.06
Directors Remuneration	40.86
Salary & Wages - Others	101.37
Gratuity	15.78
	323.20

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

	As at 31 March 2011
<u>SCHEDULE NO. 16: ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES</u>	
Rates & Taxes	9.92
Printing & Stationery	8.26
Postage, Telephone & Internet charges	14.69
Conveyance and Travelling	6.88
Freight & Transportation Charges	25.61
Insurance	16.54
Sales Promotion Expenses	10.21
Commission	41.35
Repairs & Maintenance- Others	24.66
Forex Currency Loss	42.85
Staff Welfare Expenses	13.19
Auditors Remuneration	4.75
Professional Fees	30.99
ROC Charges	0.71
Misc. Expenses	23.22
	273.83
<u>SCHEDULE NO. 17: FINANCE EXPENSES</u>	
Bank Interest	345.71
Other Interest	41.31
Other Finance Charges	97.77
	484.79
<u>SCHEDULE NO. 18: EARNING PER SHARE</u>	
Net profit/(loss) attributable to equity shareholders	1018.28
Number of weighted average equity shares	
Basic	11,528,000
Public issue of Equity shares	1,220,549
	12,748,549
Nominal Value of equity shares (₹)	10
Earnings /(loss) per share (₹)	
Basic & Diluted	7.99

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
SCHEDULE 19: SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

(A) SIGNIFICANT ACCOUNTING POLICIES:
a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The consolidated 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, 1956 and the applicable accounting standards. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

b) PRINCIPLES OF CONSOLIDATION

"The consolidated financial statements relate to Omkar Speciality Chemicals Limited (the Company) and its subsidiary company Rishichem Research Limited (collectively referred to as group). The consolidated financial statements have been prepared on the following basis:

Name of Subsidiary	Country of Incorporation	Effective Shareholding
Rishichem Research Limited	India	99.82%

The financial statements of the parent company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transaction and unrealized profits in full. Unrealised losses, if any, resulting from intra-group transactions are also eliminated except to the extent recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the parent company and its share in the relevant reserves of the subsidiary.

As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the manner as the Company's separate financial statements. The difference of the cost to the company of its investment in subsidiary over its share in the equity of the investee company as at the date of acquisition of stake is recognized in financial statements as Goodwill or Capital Reserve, as the case may be.

Minority interests represent the portion of a subsidiary's profit and loss and net assets that is not held by the parent company."

c) USE OF ESTIMATES:

The preparation of consolidated 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.

d) FIXED ASSETS:

Fixed Assets are recorded and stated at cost, net of excise duty (CENVAT) and VAT less accumulated depreciation and impairment loss, if any. Cost includes all direct and indirect costs relating to the acquisition and installation of fixed assets, interest on borrowed funds, if any, used to finance/construction of fixed assets ready for commercial use. Leasehold land is amortised over the period of lease.

e) 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 transactions settled during the year 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.

f) INVENTORIES :

- 1) 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 & WIP are valued taking into consideration Material cost plus share of labour and manufacturing overheads. Finished goods are valued at cost or net realizable value whichever is lower.

g) REVENUE RECOGNITION:

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

h) INVESTMENTS:

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. Current investments are carried at the lower of cost and realisable value, determined on an individual investment basis. Long-term investments are carried at cost less any other-than-temporary diminution in value, determined separately in respect of each category of investment.

i) 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.

j) 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.

k) DEPRECIATION:

Depreciation on all fixed assets is provided as per the provisions of Companies Act, 1956 on Written Down Value Method.

l) EMPLOYEE BENEFITS:

a) 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.

b) Provision for Gratuity is made and provided on actuarial valuation basis.

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

m) 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:

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

b) "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."

n) 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.

o) 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.

p) 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.

q) CHANGES IN ACCOUNTING POLICIES:

There have been no changes in accounting policies during the reported period.

r) 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.

s) 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.

t) SECURITY PREMIUM ACCOUNT:

Any expenses incurred for rising of funds from securities are adjusted against security premium account.

(B) SIGNIFICANT NOTES TO ACCOUNTS:

- (1) 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.
- (2) In the opinion of the board, the current assets (except stock of raw material, work in process and finished goods), loans and advances are approximately of the value stated , if realized, in the ordinary course of business.
- (3) **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.

(4) Deferred Tax Assets/Liability:

Particulars	As on 31 march 2011
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	235.27
Deferred Tax Assets:	
On account of gratuity	41.41
Net Difference	193.86
Net Deferred Tax (Assets)/Liabilities	66.02

(5) Contingent Liabilities:

Particulars	As on 31 march 2011
Letter of Credit	1596.25
Estimated Amount of Contracts remaining to be executed on capital account	2213.16
Total	3809.41

Note :

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

(6) Payment to Auditors (exclusive of service tax):

Particulars	For the Year Ended 31 March 2011
Audit Fees	3.55
Tax Audit Fees	0.60
Other	1.20
Total	5.35

(7) Employee benefits

The Company provides gratuity retirement benefits to its employees.

During the year, the company has recognized an expenses of ₹ 12.71/- pertaining to employers' contribution to provident fund schemes which is included in "cost of employment" schedule 15.

The following tables sets out the disclosures relating to gratuity benefits as required by Accounting Standard -15 Employee Benefits:

Past Service Cost Recognised

Particulars	For the Year Ended 31 March 2011
Past Service Cost-(non vested benefits)	1.52
Past Service Cost-(vested benefits)	6.90
Average remaining future service till vesting of benefits	3
Recognized Past Service Cost-non vested benefits	0.50
Recognized Past Service Cost -vested benifits	6.90
Unrecognised Past Service Cost -non vested benefits	1.01

Actuarial Gain/(loss) Recognised

Particulars	For the Year Ended 31 March 2011
Actuarial gain/(Loss) for the year (Obligation)	6.09
Actuarial gain/(Loss) for the year (Plan Assets)	-
Total Gain/(Loss) for the year	6.09
Actuarial Gain/(Loss) recognized for the year	6.09
Unrecognized Actuarial Gain/(Loss) at the end of the year	-

Changes in the present value of obligation:

Particulars	For the Year Ended 31 March 2011
Present value of obligation at beginning of year	25.63
Add : Interest Cost	2.05
Add: Current Service Cost	12.42
Add; Past Service Cost	8.41
Less: Benefits paid	-
Add: Actuarial (gain)/loss on obligation	(6.09)
Present value of obligation at end of year	42.42

Changes in the Fair value of Plan Assets:

Particulars	For the Year Ended 31 March 2011
Present value of obligation at beginning of year	25.63
Add : Interest Cost	2.05
Fair value of Plan Assets at beginning of year	-
Add: Actual return on Plan Assets	-
Add: Contributions	-
Less: Benefits Paid	-
Add: Actuarial Gain/(loss) on plan assets	-
Fair Value of Plan Assets at end of year	-

Amounts recognized in the balance sheet

Particulars	For the Year Ended 31 March 2011
Present value of obligation at the end of the year	42.42
Less: Fair Value of Plan Assets at end of year	(42.42)
Funded Status	
Unrecognized Past Service Cost	1.01
Net Asset/(Liability) recognized in the Balance Sheet	(41.41)

Expenses recognized in the profit and Loss account

Particulars	For the Year Ended 31 March 2011
Current Service Cost	12.42
Add: Interest Cost	2.05
Add: Past Service Cost	7.39
Add: Net Actuarial (Gain)/Loss recognised	(6.09)
Expenses recognized in the Profit and loss Account	15.77

The following table sets out the assumptions used in actuarial valuation of gratuity:

Particulars	For the Year Ended 31 March 2011
Interest/Discount Rate	8.00%
Rate of increase in compensation	15.00%
Rate of return (expected) on plan assets	N.A.
Employee Attrition Rate (Past Service)	0 to 40 : 5%

(8) Basic and Diluted Earnings Per Share is calculated as under:

Particulars	As on 31 March 2011
Profit attributable to Equity Shareholders	1018.28
Weighted average number of Equity Shares:	
- Basic and Diluted	12748549
Earnings per Share (in ₹)	
- Basic and Diluted	7.99

During the year existing nominal value of ₹ 100/- per Equity Share sub-divided into ₹ 10/- per Equity Share.

(9) a) Directors Remuneration:

Particulars	For the Year Ended 31 March 2011
Salaries and allowances	40.20
Contribution to provident and other funds*	0.66
Sitting Fees	1.72

*Does not include the following:

- Liability in respect of gratuity (for one of the director) as the same is determined on an actuarial basis for the company as a whole.

b) Determination of net profits in accordance with the provisions of section 349 of the companies Act.1956

Particulars	For the year ended 31 March 2011
Profit before tax as per Profit and Loss account	1477.26
Add: Directors Remuneration	40.86
Net profit	1518.12
Maximum remuneration which can be paid to whole -time Directors as per Companies Act, 1956	151.81
Maximum commission which can be paid to other Directors as per Companies Act, 1956	15.18

Companies was converted from Private Limited to Public Limited Company on 18th March 2010. In line with the same net profit under section 349 of the Companies Act,1956 was not determined.

(10) Related Party Transactions:

As required by Accounting Standard -AS 18 "Related Parties Disclosure" issued by the Institute of Chartered Accountants of India are as follows:

Party	Relationship
Mr. Shivdas.R. Herlekar	Director - Key Management Personnel
Mr. Pravin.S. Herlekar	Director - Key Management Personnel
Mr. Dattatraya M. Deshpande	Director - Key Management Personnel
Mr. Girish M. Deshpande	Director - Key Management Personnel
Mr. Omkar P. Herlekar	Director - Key Management Personnel
Mrs. Anjali P.Herlekar	Director - Key Management Personnel

* Mr. Dattatraya M. Deshpande and Mr. Girish M. Deshpande resigned as director of the Company on April 1, 2010.

**Rishichem Research Limited has become a wholly owned subsidiary of the Company with effect from May 14, 2010.

Particulars		As on 31 March 2011
Directors Remuneration/Salary	Key Management Personnel	
Mr. Pravin S. Herlekar	Paid during the year	24.00
Mrs. Anjali P. Herlekar	Paid during the year	3.00
Mr. Shivdas R. Herlekar	Paid during the year	1.20
Mr. Omkar P. Herlekar	Paid during the year	12.66
Mr. D. M. Deshapnde	Paid during the year	5.30
Mr. G. M. Deshpande	Paid during the year	4.87
Unsecured Loan		
Mr. Pravin S. Herlekar	Opening Balance	23.83
	Taken During the year	248.91
	Repaid During the year	67.89
	Closing Balance	204.85
Mrs. Anjali P. Herlekar	Opening Balance	2.62
	Taken During the year	Nil
	Repaid During the year	1.82
	Closing Balance	0.80
Mr. Shivdas Herlekar	Opening Balance	3.39
	Taken During the year	Nil
	Repaid During the year	3.39
	Closing Balance	Nil
Mr. Dattatraya M. Deshpande	Opening Balance	0.72
	Taken During the year	1.10
	Repaid During the year	1.10
	Closing Balance	0.72

(11) Additional information pursuant to paragraphs 3 & 4 of part II of schedule VI to the Companies Act, 1956

A) Particulars of installed capacities and actual production

Particulars	Unit of Measure	Installed Capacity As at 31 March 2011	Actual production For the year ended 31 March 2011
Iodine Compounds	Kgs/Lakhs	450000	379509
Selenium Compounds	Kgs/Lakhs	81000	71728
Molybdenum Compounds	Kgs/Lakhs	70000	68536
Others	Kgs/Lakhs	220000	168526
Total	Kgs/Lakhs	750000	688299

Note- a) Installed capacities are interchangeable for different compounds

b) Licensed capacities is not applicable

B) Particulars of Production, Sales and Stock of Finished goods:

Particulars	Unit of Measure	Opening Stock		Production	Sales		Closing Stock	
		Qty	Value	Qty	Qty	Value	Qty	Value
Iodine Compounds	Kgs/Lakhs	10107	109.76	379509	377152	5287.97	12464	138.76
Selenium Compounds	Kgs/Lakhs	398	7.81	71728	71198	2709.34	928	30.79
Molybdenum Compounds	Kgs/Lakhs	1775	11.58	68536	69793	677.31	518	4.85
Others	Kgs/Lakhs	4128	21.21	168526	169445	546.43	3208	20.42
Total	Kgs/Lakhs	16408	150.36	688299	687588	9221.05	17118	194.82

C) Particulars of Goods Traded and Job work charges received:

Particulars	Unit of Measure	Goods Traded		Job work Charges	
		Qty	Value	Qty	Value
Iodine Compounds	Kgs/Lakhs	10096	161.63	48	0.31
Selenium Compounds	Kgs/Lakhs	350	16.00	25202	266.15
Others	Kgs/Lakhs	1651904	1008.17	20	2.69
Total	Kgs/Lakhs	1662350	1185.80	25270	269.15

D) Particulars of Work in Progress:

Particulars	Unit of Measure	Opening Stock		Closing Stock	
		Qty	Value	Qty	Value
Iodine Compounds	Kgs/Lakhs	21479	276.92	22554	298.71
Selenium Compounds	Kgs/Lakhs	11940	677.40	18181	1258.86
Molybdenum Compounds	Kgs/Lakhs	13114	77.63	11923	90.05
Others	Kgs/Lakhs	24558	136.42	36712	174.56
Total		71091	1168.37	89370	1822.18

E) Particulars of purchases, consumption and stock of materials:

Particulars	Unit of Measure	Opening Stock		Purchase	Consumption		Closing Stock	
		Qty	Value	Qty	Qty	Value	Qty	Value
Crude iodine	Kgs/Lakhs	26138	213.91	193824	203244	2634.22	16718	103.51
Selenium Metal Powder	Kgs/Lakhs	2519	91.56	41475	35538	1505.26	8456	631.28
Tetra Hydro Furon	Kgs/Lakhs	2000	2.88	44666	46020	75.65	646	1.11
Caustic Soda Flakes	Kgs/Lakhs	9125	1.64	367175	368145	96.57	8155	1.84
Others	Kgs/Lakhs	155885	326.69	3316742	3357653	3846.06	114974	255.71
Total	Kgs/Lakhs	195667	636.68	3963882	4010600	8157.76	148649	993.45

* above consumptions also includes cost of goods traded

(12) Value of Imported raw materials & Stores Consumed and percentage of consumption:

Raw Materials

Sr. No.	Particulars	For the Year Ended 31 March 2011	
		Rupees	Percentage
1.	Imported	2967.10	36.37%
2.	Indigenous	5190.66	63.63%
	TOTAL	8157.76	100.00%

Consumable Stores

Sr. No.	Particulars	For the Year Ended 31 March 2011	
		Rupees	Percentage
1.	Imported	-	-
2.	Indigenous	157.57	100.00%
	TOTAL	157.57	100.00%

(13)	Earnings in foreign exchange:	For the Year Ended 31 March 2011
	Value of Exports at F.O.B. (including exchange difference)	₹ 1226.57/-
	Technical Service Fees - Gross	
	Dividends - Gross	Nil
	Interest from Investments	Nil
	Others	Nil
(14)	Expenditure in foreign currency :	
	Selling expenses	Nil
	Foreign travel	Nil
	Other Expenses	₹ 21.97/-
	Dividend remitted in foreign currency :	
	No. of Shareholders	Nil
	No. of Shares held in Lakhs	Nil
	Net Dividend remitted	Nil
(16)	Value of Imports C. I. F. basis :	
	Raw Materials	₹ 2685.96/-
	Store , Spare etc.	Nil
	Capital Goods	₹ 21.58/-
(17)	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 VI of the Companies Act, 1956 relating to amounts unpaid as at the year end together with interest paid/ payable, etc., have not been made.	
(18)	Basic Earnings Per Share are computed by dividing net profit after tax by weighted average no of equity shares as shown in Schedule 18 . Since there are no dilutive potential equity shares, the diluted earnings per share are the same as basic earnings per share.	

(C) BALANCE-SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I. Registration Details :

Registration No.	State Code
U 24110 MH 2005 PLC 151589	11
(date: 24.02.2005)	
Balance Sheet Date : 31.03.2011	

II. Capital raised during the year (₹ in Lakhs):

Public Issue	Right Issue.
810.00	Nil
Bonus Issue	Private Placement.
Nil	Nil

III. Position of mobilization and deployment of funds (₹ in Lakhs):

Total Liabilities	Total Assets
13854.82	13854.82
Sources of Funds	
Paid-up Capital	Reserves and Surplus
1962.80	7264.94
Secured Loans	Unsecured Loans
3986.48	574.51
Application of Funds	
Net Fixed Assets	Investments
3936.17	0.25
Net Current Assets	Misc. Expenditure
9918.40	--
Accumulated Losses	
Nil	

IV. Performance of company (₹ in Lakhs):

Total Income	Total Expenditure
10773.92	9296.66
+ - Profit/Loss	+ - Profit/Loss
before Tax	after Tax
1477.26	1018.28
Earning per share in ₹	Dividend rate %
7.99	10.00

D. Generic names of three principal products/services of company (as per monetary terms).

Product description	: Selenium Dioxide
(ITC Code).	: 28112990
Product description.	: Methyl Iodide
(ITC Code).	: 29033930
Product description.	: Benzene Seleninic Anhydride
(ITC Code).	: 29310090

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

S.S. Sinkar
Proprietor
M. No. 109229

Swapnali Puranik
(Company Secretary)

Place : Mumbai
Date: 16.05.2011

Annexure to the Accounts of Omkar Speciality Chemicals Limited**Statement pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Company**

Name of the Subsidiary Company	Rishichem Research Limited
1 Financial Year of the subsidiary company	31.03.2011
2 Date from which they became subsidiary	14.05.2010
3 Shares of the subsidiary held by the company as on 31st March, 2011	
a) Number & Face value	53900 equity shares of ₹ 10/- each fully paid up
b) Extent of holding	99.82%
4 Net aggregate profit/loss of the subsidiary so far as it concerns to the members of the holding company	
a) not dealt with in the accounts of holding company	
1) for financial year ended 31st Mar, 2011	31.90 lakhs
2) up to the previous financial years of the subsidiary since it become subsidiary	Nil
b) dealt with in the accounts of holding company	
5 Changes in the interest of Omkar Speciality Chemicals Limited between the end of the financial year of the subsidiary and 31.03.2011	
a) Nos of shares	N.A
b) Extent of Holding	N.A
6 Material Changes between the end of the financial year of the subsidiary and 31st Mar.2011	
a) Fixed Assets	N.A
b) Money lent by subsidiary	N.A
c) money borrowed by subsidiary for any purpose other than that of meeting current liabilities	N.A

For Siddharth Sinkar & Associates
Chartered Accountants
Firm Registration No. 124931W

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

S.S. Sinkar
Proprietor
M. No. 109229

Swapnali Puranik
(Company Secretary)

Place : Mumbai
Date: 16.05.2011

OMKAR SPECIALITY CHEMICALS LIMITED

Registered Office: B-34, MIDC, Badlapur (E), Thane-421503

ATTENDANCE SLIP

Client ID No.	
DP ID No.	
Ledger Folio No.	
No. of Share(s) held:	

NAME AND ADDRESS OF THE SHAREHOLDER:

I hereby record my presence at the **6th ANNUAL GENERAL MEETING** of the company held on Saturday, the 24th day of September, 2011 at **Sanjeevani Hall**, next to Monginis cake Shop, Badlapur (East), Thane 421503.

Signature of the shareholder or proxy

- Notes : 1. Please fill attendance slip and hand it over at the entrance of the meeting hall.
2. Joint shareholders may obtain additional Slip on request.

OMKAR SPECIALITY CHEMICALS LIMITED

Registered Office: B-34, MIDC, Badlapur (E), Thane-421503

FORM OF PROXY

I/We _____ of _____ in the District of _____ being a member/ members of the above named Company hereby appoint _____ of _____ in the District of _____ or failing him/her _____ of _____ in the district of _____ as my /our proxy to vote for me /us on my/our behalf at the Sixth Annual General Meeting of the Members of the Company to be held on Saturday, the 24th day of September, 2011 at 3.30 p.m. at **Sanjeevani Hall**, next to Monginis cake Shop, Badlapur (East), Thane 421 503 and at any adjournment thereof.

Signed this _____ day of _____ 2011

*Client ID No. _____

*DP ID No. _____ **Signature** _____

Ledger Folio No. _____

No of share(s) held _____

1 Rupee
Revenue
Stamp

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective must be received at the registered office of the Company, not less than 48 hours before the meeting.



OMKAR

Always the leaders

FROM OMKAR CHEMICALS - A PROPRIETARY CONCERN

TO OMKAR SPECIALITY CHEMICALS LIMITED

Always the leaders

- Incorporated Omkar Speciality Chemicals Private Limited which took over entire business of Omkar Chemicals, a proprietary concern of Mr Pravin Herlekar. The installed capacity after takeover stood at 318 MT.
- Launch of new selenium derivatives
- Launch of organic intermediaries.
- Converted into a Public Limited Company.
- Set up Unit no. III of the Company
- Rishichem Research Limited became a wholly owned subsidiary.

1983

1986

1995

2005

2009

2010

2011

- Mr. Pravin S. Herlekar started a proprietary concern in name of Omkar Chemicals

- Launch of molybdenum, cobalt derivatives

- Launch of iodine derivatives

- Commenced commercial production started at Unit no. - II, with an installed capacity of 375 MT

- Received ISO-9001-2008 certification for our Unit no. - II in respect of quality management systems.

- Got FDA approval for manufacturing Selenium Sulphide U.S.P. in Unit no. - III

- A successful Initial Public Offer whereby Company raised ₹7938 Lakhs.

- Company got listed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

- Set up a Technology Centre for developing innovative processes and CRAMS activities.



OMKAR

ON FAST TRACK



Registered Office Address and R & D Centre :

B-34, MIDC, Badlapur (East),
Thane- 421503, Maharashtra
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Email: care@omkarchemicals.com, info@omkarchemicals.com