

OMKAR
Always the leaders



ANNUAL REPORT 2011-2012



Creating
Innovations
in Chemistry



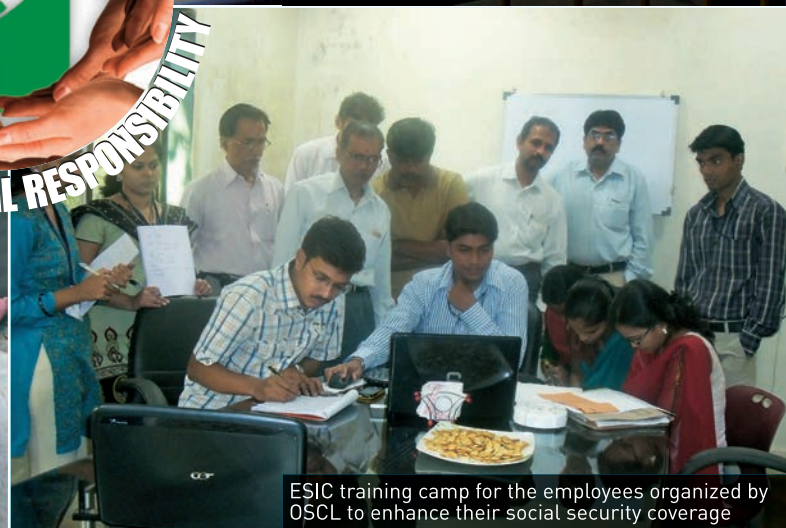
Families from remote communities at Lavali Village receive free 'solar-powered lanterns' from Rotary Club of Badlapur, sponsored by OSCL



OSCL discharges its social responsibilities in myriad ways for spastic people, in collaboration with Rotary Club and NGO Sangopita at Bendshil in Badlapur



OSCL provides primary medical care services for school children in remote communities at Bendshil in Badlapur



ESIC training camp for the employees organized by OSCL to enhance their social security coverage



OSCL CMD Mr. Pravin S. Herlekar and MD Mr. Omkar P. Herlekar interacting with foreign delegate at the Chemspec India Exhibition held in Mumbai between April 26 and April 27, 2012



OSCL MD Mr. Omkar P. Herlekar having person-to-person interaction with various clients at the Chemspec India 2012 Exhibition held in Mumbai



Team OSCL networking with both local and international buyers & sellers at the Chemspec India 2012 in Mumbai



Dattatraya M Deshpande
Associate Director



Girish M Deshpande
Associate Director



Praful Bhise
Associate Director



Prakash Rao
VP Administration



Shriram Modak
VP Operations



Dr. Ravi Moro
VP R&D



Shivanand Hegde
Director- LASA Laboratory P. Ltd



Vidyut Kumar Ta
Head-Corporate Communications



Swapnali Puranik
Company Secretary



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From the Desk of Chairman & MD

“

Our culture of inclusiveness, empowerment, innovation and a thrust on continuous improvement is what defines being OSCL

”



Together we can make the difference!

In a challenging business environment, the success of each of our lines of business hinges on a continuing focus to usher in growth and transformation.

Overall, it has been an eventful, path-breaking and momentous 30 years since inception of this company as a proprietary firm, and each one of you have contributed in no small measure to the unrivalled place that OSCL has earned today.

It gives me a great pleasure to present the Annual Report of the company for the financial year 2011-12 and share with you the success of our organization.

The initiatives conceived under our strategic plan have yielded positive results. No wonder then that the year that went by has been a successful one in terms of overall growth and profitability.

A stimulating business environment coupled with a slew of measures taken by your company towards improvement of operational efficiency, introduction of risk management framework and adoption of well-researched methodology when it comes to manufacturing of products have led to impressive performance.

We are now seeking out growth opportunities by taking a multi-pronged approach of mapping our best strengths and the best opportunities available. We at OSCL believe that our company is ready to deliver certainty and confidence to the investment community that our growth will be in line with the market potential, and I am confident that our company will continue to be a key player in the speciality chemicals and API arena in the years ahead.

Our growth axis

We have consistently been delivering good performance year after year, and I am delighted to report that we have delivered a robust performance again this year, with our revenues growing 56.37% and net profit surging by 62.18%. Our company continued on a high growth trajectory on account of its strong fundamentals, distinct business model and execution oriented approach. State-

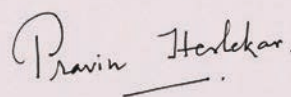
of-the-art manufacturing units, strong R&D team and multiplicity of products have helped our company achieve healthy margins. The continuous accretion in the order book position is a result of our company's proven execution track record and the ability to successfully market to the existing and new clients.

As we move into the next financial year, we are confident of maintaining the growth momentum, given our strategic initiatives and the infrastructure we have created, in terms of knowledge, skill, partnership and manufacturing capabilities, in which we continue to invest. I believe we have built a robust platform from which we can take OSCL to the next level of growth.

Every path to growth has its inevitable obstacles, but with its indomitable spirit, OSCL ensures triumph every time. We firmly believe and have consistently practiced good corporate governance, which is reflected by our values—transparency, professionalism and accountability.

I would like to take this opportunity to thank my colleagues on the board for their continued guidance and also recognize the immense contribution of all our employees. I appreciate the enthusiasm and energy of our entire team who played a pivotal role in our company's success. I also acknowledge the consistent support of our bankers, stakeholders and business associates, without which we would not have reached where we are today.

Yours sincerely,



Pravin S. Herlekar
Chairman & Managing Director

From the Desk of Whole Time Director

My dear shareowners,

The preparation of the annual report each year is an ideal time to look back into the past year, and also to present a clear picture of OSCL's business to our customers and stakeholders.

It gives me great pleasure in sharing our company's stupendous achievements in the year gone by. In a way, 2011-12 marked the culmination of a transformation journey that we embarked upon 30 years ago.

I take pride that today we have redeemed the promises we made over the last three decades as we announce a record performance by our company on all business parameters for the year ended March 2012.

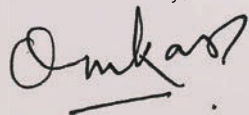
With this consistent progress, I believe that we have been successful in fostering a strong foundation, on which we can now build a robust organization.

We have charted our company's growth trajectory by following three key mantras integral to our strategy—secure, scalable and sustainable growth.

To build further on the triumphs achieved by our company and given our commitments to become a research-based premium conglomerate, we have embarked on increased investments in all aspect—R&D, manufacturing, people, capacity, expansion, brand building and several other projects. We are confident that this will enable us to sustain our growth story in the future.

In summary, I am proud to be a part of a business having a strong organic growth profile, leadership and people to take difficult decisions, to embrace opportunities, and effectively manage risk. Finally, I would like to thank our shareholders for their continued support. I would also like to thank our customers, employees, bankers and regulators for their faith in us and their support and guidance.

Yours sincerely,



Omkar P. Herlekar
Whole Time Director



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventh Annual General Meeting of the members of Omkar Speciality Chemicals Limited will be held on Saturday, August 4, 2012 at 10.30 am at Sanjeevani Hall, Near Monginis Cake Shop, Badlapur (East), Thane—421 503, to transact the following business:

- 1) To receive, consider and adopt the audited statement of profit & Loss for the year ended March 31, 2012 and the balance sheet as at that date together with the report of the directors and that of auditors thereon.
- 2) To declare a final dividend on the equity shares for the year ended March 31, 2012.
- 3) To appoint a Director in place of Mr. Subhash P. Mali who retires by rotation and is eligible for re-appointment.
- 4) To appoint a Director in place of Dr. Vikas N. Telvekar who retires by rotation and is eligible for re-appointment.
- 5) To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

RESOLVED THAT, M/s. J.P.J & Associates, Chartered Accountants (Firm's registration number — 113012W with ICAI) the statutory auditors be and are hereby re-appointed as statutory auditors of the company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, and that the audit committee/board of directors of the company be and are hereby authorized to fix the remuneration.

SPECIAL BUSINESS

- 6) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

RESOLVED THAT Mr. Siddharth S. Sinkar, who was, pursuant to Article 120 of the company's Articles of Association appointed as an Additional Director of the company, and who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956, and being eligible, offers himself for appointment, and in respect of whom a notice in writing has been received by the company from a member under section 257 of the said Act signifying his intention to propose Mr. Siddharth S. Sinkar as a candidate for the office of Director, be and is hereby appointed as a Director of the company.

SPECIAL RESOLUTION

- 7) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT subject to applicable provisions of the Companies Act 1956, and such related enactment(s) as applicable, if any, the approval of members be and is hereby accorded for utilization of available funds generated through Initial Public Offering (IPO) for growth and expansion of the company including various suitable acquisition(s), if any, in addition to the purposes defined in the prospectus.

RESOLVED FURTHER THAT the board be, and is hereby jointly authorized to finalize, settle, execute all necessary things as may be required in this regard, including delegation of authority.

SPECIAL RESOLUTION

- 8) To consider, and if thought fit, to pass with or without modification(s) the following resolution as a 'Special Resolution':

RESOLVED THAT pursuant to and in accordance with the provisions of section 198, 269, 309 and other applicable provisions, if any of the Companies Act 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, (the said Act) read with Schedule XIII to the said Act, and subject to such approval from the Central Government or any other authority, if required and subject to any conditions and modifications as may be imposed and/or suggested by such authorities, while granting such approval(s), approval of the members be and is hereby accorded for the revision in terms and conditions of remuneration payable to Mr. Pravin S. Herlekar, Chairman and Managing Director of the company (the Chairman & Managing Director) with effect from April 1, 2012 for the remainder of his tenure upto March 31, 2015 as set out in the agreement dated June 26, 2012 between the company and Chairman & Managing Director of the company.

RESOLVED FURTHER THAT pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any, of the said Act, the overall remuneration paid to Mr. Pravin S. Herlekar, the Chairman & Managing Director by way of basic remuneration, perquisites, commission and other allowance(s), shall not exceed 5% of the net profit of the company, and if there are more than one such director, 10% for all of them together in that financial year.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the company during the tenure of Mr. Pravin S. Herlekar, Chairman & Managing Director of the company, the remuneration perquisites and other allowances shall be governed by the limits prescribed in Schedule XIII of the said Act, as amended from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of the company, be and is hereby authorized to do all such act(s), deed(s), matter(s) and things and they may take such steps necessary, expedient or desirable in this regard.

SPECIAL RESOLUTION

9) To consider and if thought fit to pass with or without modification(s) the following resolution as 'Special Resolution':

RESOLVED THAT pursuant to and in accordance with the provisions of section 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, (the said Act) read with Schedule XIII to the said Act and subject to such approval from the Central Government or any other authority, if required and subject to any conditions and modifications as may be imposed and/or suggested by such authorities, while granting such approval(s), approval of the members be and is hereby accorded for the revision in terms and conditions of remuneration payable to Mr. Omkar P. Herlekar, Whole Time Director of the company (the Whole Time Director) with effect from April 1, 2012 for the remainder of his tenure upto March 31, 2015 as set out in the agreement dated June 26, 2012 between the company and the Whole Time Director of the company.

RESOLVED FURTHER THAT pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any, of the said Act, the overall remuneration payable to Mr. Omkar P. Herlekar, Whole Time Director by way of basic remuneration, perquisites, commission and other allowance(s) shall not exceed 5% of the net profits of the company and if there are more than one such director, 10% for all of them together in that financial year.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the company during the tenure of Mr. Omkar P. Herlekar, Whole Time Director of the Company, the remuneration perquisites and other allowances shall be governed by the limits prescribed in Schedule XIII of the said Act, as amended from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the company, be and is hereby authorized to do all such act(s), deed(s), matter(s) and thing(s) and they may take such steps necessary, expedient or desirable in this regard.

NOTES

1) The explanatory statement as required by section 173 (2) of the Companies Act, 1956 in respect of business under item no. 6 to 9 is annexed hereto. The relevant details of Director seeking re-appointment/appointment under item no. 3, 4 and 6 pursuant to clause 49 of the listing agreement entered into with the stock exchanges are also annexed.

2) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. Instrument appointing a proxy should however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies, partnership firms etc., must be supported by appropriate resolution/authority as applicable, issued on behalf of the nominating organization.

3) The members/proxies should bring the enclosed attendance slip duly filled in, for attending the Annual General Meeting. The copies of the annual report will not be distributed at the meeting.

4) Book closure & dividend:

(A) The Register of Members and Share Transfer Books of the company will remain closed from Saturday, July 28, 2012 to Saturday, August 4, 2012 (both days inclusive).

(B) If dividend on equity shares as recommended by the directors is approved at the meeting, the payment of such dividend will be made on August 9, 2012 as under:

(I) For members in respect of shares held in the electronic form as per the details furnished by the depositories for this purpose as on beginning of July 28, 2012.

(II) To the members in respect of shares held in physical form whose names are on the company's register of members on July 28, 2012.

- 5) In order to provide better services to the members, the company has introduced Electronic Clearing System (ECS) for payment of dividend. Members desirous of availing the ECS facility may provide the required information to our Registrar & Share Transfer Agent.
- 6) Members holding shares in physical form are requested to advise any change of address immediately to the company's share Registrars & Transfer Agent. Members holding shares in electronic form must send the advice about the change in address to the respective depository participant only and not to the company or the company's share Registrar & Transfer Agent.
- 7) Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management. Members can contact the company's Registrars & Transfer Agent for assistance in this regard.
- 8) Members may avail of the nomination facility as provided under section 109 (A) of the Companies Act, 1956.
- 9) Pursuant to Section 205(A), 205(C) and other applicable provisions, if any, of the Companies Act, 1956, any money transferred to unpaid dividend account which remains unpaid/ unclaimed for a period of seven years from the date they become due for the payment, is required to be transferred to the "Investor Education and protection Fund" set up by the Central Government.
- 10) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are requested to submit their PAN details and Email ID to their respective depository participants. Members holding shares in physical form are requested to submit their PAN details to the company or its Share Registrars & Transfer Agents.
- 11) Members may please note that the dividend warrants will be payable at par at the designated branches of the bank printed on the reverse of the dividend warrant for the initial period of three months only. Thereafter, the dividend warrant should be surrendered at the office of the company's Registrars & Share Transfer Agent, Bigshare Services Private Limited. The members are requested to encash dividend warrant(s) within the initial validity period.
- 12) Members are requested to notify their bank particulars giving the name of the bank and branch and the nature of account and also any change of address to the company's Registrar & Share Transfer Agent, Bigshare Services Private Limited. Members are hereby intimated that under instructions of SEBI, furnishing of bank particulars by the members has become mandatory.
- 13) Members 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 printing on the dividend warrants. This would ensure that the dividend warrants cannot be deposited in any account other than the one specified on the warrants. 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.
- 14) 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.

For and on behalf of Board of Directors of
Omkar Speciality Chemicals Limited

Date: June 26, 2012
Place: Badlapur, Thane District

Pravin S. Herlekar
Chairman & Managing Director

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

ITEM NO 6

Mr. Siddharth S. Sinkar was appointed as Non-Executive Non-Independent Director by the Board of Directors w.e.f. April 5, 2012 in accordance with the provisions of section 260 of the Companies Act, 1956.

Pursuant to section 260 of the Companies Act, 1956 the above Director holds office up to the date of the ensuing Annual General Meeting. In this regard, the company has received request in writing from a member of the company proposing his candidature for appointment as Director of the company in accordance with the provisions of section 257 and all other applicable provisions of the Companies Act, 1956.

Before joining the Board as Additional Director (Non Executive & Non Independent), Mr. Sinkar was the statutory auditor of the company for a period of two years. He resigned as the statutory auditor w.e.f. September 24, 2011 and the ordinary resolution towards his resignation as such was approved by the members during the last Annual General Meeting held on September 24, 2011. After resigning as the statutory auditor, he served the company as a financial consultant. The board felt it desirable to continue the association of Mr. Siddharth S. Sinkar's advice and guidance for the company, and therefore appointed him as an Additional Director (Non Executive Non-Independent) w.e.f. April 5, 2012.

Information about directors as required under clause 49 of the listing agreement relating to corporate governance is set out separately in the notice of Annual General Meeting. This along with resolution under Item No. 6 may be treated as an abstract pursuant to section 302 of the Companies Act, 1956.

Your directors recommend the appointment of Mr. Siddharth S. Sinkar as a Director (Non Executive Non Independent) and he is subject to retire by rotation as per the provisions of section 255 of Companies Act, 1956.

Mr. Siddharth S. Sinkar is interested and concerned in the resolution mentioned in item No. 6 of the notice. The Board recommends resolution under item No. 6 to be passed as an ordinary resolution.

ITEM NO. 7

The object of our IPO during January 2011 was to raise capital for increasing our capacities at various locations. This purpose has been by and large satisfied. The utilization of IPO proceeds is within the framework of the objectives as listed in our Red Herring Prospectus (RHP).

The management of the company deems it fit to consider utilisation of the IPO proceeds for growth of the business by taking necessary steps in addition to those specified in the prospectus. The company does not intend to deviate from its basic overall objectives of expanding the business, taking into account the market scenario, economies of scale and may consider suitable and appropriate opportunities, if any, for acquisition of new businesses to further strengthen its position.

In view of the same, the management would seek your approval for utilization of IPO funds, for expansion activities in addition to the objects as proposed earlier in RHP.

None of the directors are concerned or interested in the resolution mentioned in item No. 7 of the notice. The board recommends resolution under item No. 7 of the notice to be passed as a 'Special Resolution.'

ITEM NO. 8

At a meeting of the board held on June 26, 2012, the board recommended the revision in the remuneration of Mr. Pravin S. Herlekar, Chairman & Managing Director of the company (the Chairman & Managing Director) w.e.f. April 1, 2012 for the remainder of his tenure upto March 31, 2015. It was recommended by the board that there will be no change in the basic remuneration of the Chairman & Managing Director and the same shall remain at 5,00,000 (Rupees five lakh only) per month during remainder of his remuneration upto March 31, 2015. In addition to the above, he shall be entitled to commission subject to overall remuneration upto 5% of the net profits of the company.

The approval of members is being sought for the revision in the remuneration of Chairman & Managing Director for the period w.e.f. April 1, 2012 to March 31, 2015. The principal terms and conditions of the said agreement dated June 26, 2012 along with remuneration break-up are as under:

Employee Name	Mr. Pravin S. Herlekar
Designation	Chairman & Managing Director
SALARY BREAK UP	(Rs.)
Basic Salary	1,20,000
HRA (40%)	48,000
Conveyance	800
Mediclaime	1,250
LTA	1,00,000
Other allowance	2,29,950
Monthly gross	5,00,000
Employer PF (12%)	-
Employer ESIC (4.75%)	-
Monthly CTC	5,00,000
Annual CTC	60,00,000
NET CALCULATION	
Monthly Gross	5,00,000
Less Employee PF (12%)	-
Less Employee ESIC (1.75%)	-
Less Professional Tax	200
Net in Hand (Subject to TDS on salary)	4,99,800

Overall remuneration

The aggregate of salary, bonus, other allowances/perquisites and commission in any financial year not to exceed the limit prescribed from time to time under sections 198, 309 and other applicable provisions of Companies Act, 1956 read with schedule XIII of the said Act, as may for the time being in force.

Minimum remuneration

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, bonus and other allowances and perquisites to be governed by the limit prescribed under schedule XIII of the Companies Act, 1956. This along with resolution under item No. 8 may be treated as an abstract pursuant to section 302 of the Companies Act, 1956.

None of the directors except Mr. Pravin S. Herlekar, Chairman & Managing Director and Mr. Omkar P. Herlekar, Whole Time Director are concerned or interested in the passing of the resolution as mentioned in item No. 8 of the notice. The board recommends resolution under item No. 8 to be passed as a **'Special Resolution.'**

ITEM NO. 9

At a meeting of the board held on June 26, 2012, the board recommended the revision in the remuneration of Mr. Omkar P. Herlekar, Whole Time Director of the company (the Whole Time Director) w.e.f April 1, 2012 for the remainder of his tenure upto March 31, 2015. It was recommended the basic remuneration of Whole Time Director shall be increased upto 1,50,000 (Rupees one lakh fifty thousand only) per month. In addition to the above, he shall be entitled to commission subject to overall remuneration upto 5% of the net profits of the company. The approval of members is being sought for the revision in the remuneration of Chairman & Managing Director for the period w.e.f April 1, 2012 to March 31, 2015.

AGM Notice

Employee Name	Mr. Omkar P. Herlekar
Designation	Whole Time Director
SALARY BREAKUP	(Rs)
Basic Salary	94,000
HRA (40%)	37,600
Conveyance	800
Mediclaime	1,250
LTA	5,070
Monthly gross	1,38,720
Employer PF (12%)	11,280
EmployerESIC (4.75%)	-
Monthly CTC	1,50,000
Annual CTC	18,00,000
NET CALCULATION	
Monthly Gross	1,38,720
Less Employee PF (12%)	11,280
Less Employee ESIC (1.75%)	-
Less Professional Tax	200
Net in Hand(Subject to TDS on salary)	1,27,240

The principal terms and conditions of the said agreement dated June 26, 2012 along with salary break-up are as under:

Overall remuneration

The aggregate of salary, bonus, other allowances/perquisites and commission in any financial year not to exceed the limit prescribed from time to time under sections 198, 309 and other applicable provisions of Companies Act, 1956 read with schedule XIII of the said Act, as may for the time being in force.

Minimum remuneration

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, bonus and other allowances and perquisites to be governed by the limit prescribed under schedule XIII of the Companies Act, 1956. This along with resolution under item No. 9 may be treated as an abstract pursuant to section 302 of the Companies Act, 1956.

None of the Directors except Mr. Omkar P. Herlekar, Whole Time Director, and Mr. Pravin S. Herlekar, Chairman & Managing Director are concerned or interested in the passing of the resolution as mentioned in item No. 9 of the notice. The board recommends resolution under item No. 9 to be passed as a 'Special Resolution.'

For and on behalf of Board of Directors of
Omkar Speciality Chemicals Limited

Date: June 26, 2012

Place: Badlapur, Thane District

Pravin S. Herlekar

Chairman & Managing Director

Details of Directors seeking re-appointment/appointment at the forthcoming Annual General Meeting (pursuant to clause 49 of the listing agreement) mentioned below:

Name of Director	Mr. Subhash P. Mali	Dr. Vikas N. Telvekar	Mr. Siddharth S. Sinkar
Date of Birth	January 29, 1953	July 30, 1970	July 27, 1978
Date of appointment	March 25, 2010	March 25, 2010	April 5, 2012
Expertise in specific functional areas	He has an overall experience of about 34 years. During his tenure, he was associated with Asian Paints Limited, Ranbaxy Laboratories Limited, Unichem Laboratories Limited and Kopran Limited as Director Technical. Since 2003, he is employed with Arch Pharmalabs Limited, Mumbai as Technical Director.	He has an overall experience of eight years in the areas of pharmaceutical chemistry and Research & Development. Between August 2002 and April 2003, he was employed 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. He has scripted articles which have been published in various international publications.	He is a commerce graduate from university of Mumbai, and a fellow member of Institute of Chartered Accountants of India (ICAI). He has an overall experience of 12 years.
Qualification	Bachelor of Chemical Engineering from University of Mumbai.	Two Bachelor degrees in Science—one in chemistry and other in technology from University of Mumbai. He is a Master of Science (Technology) and Doctor of Philosophy (Technology) in pharmaceutical and fine chemicals from Mumbai University Institute of Chemical Technology.	B.Com, FCA
No. of shares held in the company	NIL	NIL	NIL
List of companies in which directorship held as on March 31, 2012	Protochem Laboratories Private Limited	NIL	NIL
Chairman/member of the mandatory committees of the board of the companies on which he is a director as on March 31, 2012	Remuneration committee	Remuneration committee	NIL

Director's Report

DIRECTORS' REPORT

To the members of Omkar Speciality Chemicals Limited

Your directors have pleasure in presenting their seventh Annual Report on the business and operations of the company and financial accounts for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

Particulars	For the year ended March 31, 2012 Rs. in lakh	For the year ended March 31, 2011 Rs. in lakh
INCOME		
Revenue from operation	16,694.80	10,676.00
Other income	369.86	53.46
Total Revenue	17,064.66	10,729.46
EXPENDITURE		
Cost of material consumed	10,773.33	7,168.90
Purchase of stock in trade	1,817.96	988.73
Changes in the inventory	(1,157.10)	(698.27)
Employee benefits expense	638.34	320.71
Finance costs	809.53	527.62
Depreciation and amortization expense	562.09	190.86
Other expenses	1,302.93	759.85
Total Expenditure	14,747.08	9,258.40
Profit Before Tax.	2,317.58	1,471.06
Tax expenses	672.91	457.02
Profit After Tax	1,644.67	1,014.04
Balance in profit & loss account brought forward from previous year.	940.08	304.92
Less:		
Appropriations:		
Proposed dividend	(245.35)	(196.28)
Tax on dividend	(39.80)	(32.60)
Transfer to general reserve	(150.00)	(150.00)
Balance carried to balance sheet	2,149.60	940.08

Year in retrospect

The revenue from operation increased to Rs.16,694.80 lakh during the year, as compared to Rs 10,676.00 lakh in previous year, recording a growth of 56.37%. The Profit After Tax (PAT) increased to Rs.1,644.67 lakh from Rs.1,014.04 lakh during the previous financial year, registering a growth of 62.18 %.

DIVIDEND

The directors recommends the payment of final dividend of Rs.1.25 per equity share of Rs.10 each (previous year Rs.1 per equity share of Rs.10 each). If the final dividend as recommended above, is approved by the members at the Annual General Meeting, the total outflow towards dividend on equity shares for the year works out to Rs.285.15 lakh including dividend tax of Rs.39.80 lakh (previous years Rs.228.88 lakh including dividend tax of Rs.32.60 lakh).

HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

A detailed discussion on Human Resource Management & Industrial Relations have been dealt in the management discussion and analysis (MD&A) report.

IPO PROCEEDS UTILIZATION

The objective of our IPO during January 2011 was to raise capital to increase our capacities at various locations. The utilization of IPO proceeds is within the framework of the objectives as listed in our RHP.

ACQUISITION OF LAND /ASSETS

During the year, the company acquired lease hold land at Plot No. W-94 and Plot No. W-95, MIDC Badlapur, admeasuring 720 sq mtrs each. The plots are located adjacent to our subsidiary company, Desh Chemicals Private Limited. Further, the company also acquired lease hold land at Plot No. F-9, MIDC, Badlapur, admeasuring 2,519 sq mtrs. The plot is also located adjacent to Unit No. IV i.e Plot F-10, MIDC, Badlapur. Another lease hold plot was acquired at D 27/5, Lote Parshuram MIDC, Chiplun with an area admeasuring 40,773 sq mtrs. Additionally, the company also acquired residential premises at Badlapur and Chiplun. The residential premises are mainly used for housing of employees as well as visitors.

SUBSIDIARIES

A detailed discussion on subsidiaries has been dealt in the management discussion and analysis (MD&A) report.

FINANCIAL STATEMENTS

The financial statement was prepared as per the revised schedule VI of the Companies Act, 1956 as notified by the Ministry of Corporate Affairs. Accordingly, the previous year's figures were also regrouped/restated wherever necessary to conform to the classification of the current year.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Company Affairs granted a general exemption to companies, by General Circular No. 2/2011 dated February 8, 2011, under section 212 (8) of Companies Act, 1956, from attaching individual accounts of subsidiaries with annual reports. Accordingly, board of directors of the company, by resolution, gave their consent for not attaching the balance sheet, profit & loss account and other documents of its subsidiaries in the annual report of the company for the financial year ended March 31, 2012. However, the consolidated financial statements of the subsidiaries prepared in accordance with accounting standard 21 issued by Institute of Chartered Accountants of India, form part of the Annual Report, and are reflected in the consolidated accounts of the company. The statement pursuant to section 212 of the Companies Act, 1956 containing details of the subsidiaries of the company forms part of annual report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the directors, based on the representations received from the operating management, confirm that:

(I) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.

(II) They have, in the selection of the accounting policies, consulted the statutory auditors and have 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 the company at the end of the financial year and of the profit of the company for that period.

(III) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(IV) They have prepared the annual accounts on a going concern basis.

Director's Report

AUDITOR'S REPORT

The Auditor's report to the shareholders does not contain any qualification.

UNPAID DIVIDEND

As per the information obtained from Axis Bank, it has been noted that the amount of Rs.0.19 lakh is lying with Omkar Speciality Chemicals Limited in respect of the dividend declared by the company for the financial year ended 2010-2011. Those members who have not claimed their dividend are requested to contact the company's Registrar & Share Transfer Agent to revalidate the dividend warrant.

TRANSFER TO RESERVES

The company proposes to transfer Rs.150 lakh to the general reserve out of the amount available for appropriations and an amount of Rs.2149.60 lakh is proposed to be retained in the profit & loss account.

DEPOSIT FROM PUBLIC

The company has not accepted any fixed deposits during the year ended March 31, 2012.

CONSOLIDATED FINANCIAL STATEMENTS

Your directors have the pleasure in attaching the consolidated financial statements pursuant to clause 32 of the listing agreement entered into with the stock exchanges prescribed by The Institute of Chartered Accountants of India (ICAI), in this regard. The Auditor's report to the shareholders does not contain any qualification.

AUDITORS OF THE COMPANY

The company's previous auditors, M/s. Siddharth Sinkar & Associates had shown their unwillingness to continue as statutory auditors for the financial year 2011-2012. M/s. J.P.J Associates, Mumbai were appointed as statutory auditors at the previous Annual General Meeting held on September 24, 2011.

The company received certificate from M/s. J.P.J. Associates to the effect that their appointment, if made, would be within the prescribed limits under section 224(1) of the Companies Act, 1956. You are requested to re-appoint auditors to hold such office from the conclusion of this Annual General Meeting till the conclusion of next Annual General meeting and to fix their remuneration.

COST AUDITORS

Pursuant to the directive of the Central Government under the provisions of section 233B of the Companies Act, 1956, the board at its meeting held on June 26, 2012 has considered the proposal to appoint M/s. Vaibhav P. Joshi, (Membership No: M-15797) Cost Accountant to conduct cost audit subject to approval of the Central Government.

PARTICULARS OF EMPLOYEES

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 provided in the Annexure-3 forming the part of this report.

REGULATORY APPROVALS

The relevant regulations and policies as prescribed by the Government of India and other regulatory bodies have been duly complied with by your company. Our manufacturing facilities are monitored and approved by various regulatory authorities. Periodically, the FDA, MPCB and various other statutory departments under Central & State Government conduct routine audits of all approved facilities.

DIRECTORS

Pursuant to the provision of section 260 of the Companies Act 1956 and Article 120 of Article of Association of the company, the board at its meeting held on April 5, 2012 appointed Mr. Siddharth S. Sinkar as the Additional Director (Non Executive and Non Independent) on April 5, 2012. As per the provisions of the above said section of the Act, he holds office upto the date of this Annual General Meeting and is eligible for getting appointed as a Director (Non Executive and Non Independent) of the board of the company. The company received a notice from two members, along with the requisite deposit under section 257 of the Companies Act 1956 proposing his candidature for appointment as the Director (Non Executive and Non Independent) of the company. The information as prescribed under clause 49 of the listing agreement entered with the stock

exchanges such as brief description of the directors proposed to be appointed/reappointed, the nature of their expertise in specific functional areas and the names of companies in which they hold directorships and memberships/chairmanships of board committees, are provided in annexure to the notice of the forthcoming Annual General Meeting. The remuneration committee and the board at its meeting held on June 26, 2012 recommended the revision in the remuneration of Mr. Pravin S. Herlekar, Chairman & Managing Director and Mr. Omkar P. Herlekar, Whole Time Director for the remainder of their term upto March 31, 2015, and the same is mentioned in detail in the explanatory statement to item No. 8 & 9 of the notice of the Annual General Meeting.

REPORT ON CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with the stock exchanges, the following forms part of this annual report:

(I) Report on corporate governance

(II) Chairman & Managing Director's declaration regarding compliance of code of conduct by board members and senior management personnel

(III) Auditor's certificate regarding compliance of conditions of corporate governance.

(IV) Management discussion and analysis.

DEPOSITORY SYSTEM

As the members are aware the company's shares are compulsory tradable in electronic form. As on March 31, 2012, almost 100% of the company's total paid up capital representing 19,62,8004 equity shares were in dematerialized form. In view of the numerous advantages offered by the depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization on either of the depositories.

ACKNOWLEDGEMENTS

Your directors take this opportunity to thank the company's customers, members, vendors and bankers for their continued support during the year. Your directors also wish to thank the Government of India and its various agencies, Customs and Excise department, Ministry of Commerce, Ministry of Finance, Ministry of External Affairs, Ministry of Corporate Affairs, Reserve Bank of India, State Government of Maharashtra and other local government bodies for their support and look forward to their continued support in the future. Your directors also place on record their appreciation for the excellent contribution made by employees of the company through their commitment, competence, cooperation and diligence with a view to achieving consistent growth for the company.

For and on behalf of Board of Directors of
Omkar Speciality Chemicals Limited

Date: June 26, 2012

Place: Badlapur, Thane District

Pravin S. Herlekar

Chairman & Managing Director

ANNEXURE TO DIRECTORS REPORT

[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].

ANNEXURE 1:

A) Conservation of energy:

Form 'A' [Disclosure of particulars with regard to conservation of energy]

Power and fuel consumption

1. Electricity	2011-12	2010-11
A. Units consumed (KWH)	845973	464152
Total amount	7173639	3662162
Rate/Unit (/KWH)	8.48	7.89
b. Own generation through generator	27325	28695
Total amount Rs.	1101171	1142050
Cost /Unit (/KWH)	40.30	39.80
2. Furnace oil		
Quantity (K.Ltr)	301379	370415
Total cost Rs.	15803663	15581721
Average rate (Rs./Ltr)	52.44	42.04

Consumption per unit of production

Particulars	2011-12	2010-11
Products	Nil	Nil
Qty Mfg (including quantity processed) during the year	861632	713569
Electricity (per kg)	8.33	5.13
Furnace Oil	18.34	21.84
Diesel Oil (per kg)	1.28	1.60
Firewood (per kg)	Nil	Nil

The company undertook following measures conserve energy:

- Energy saving light fittings are used for industrial lighting in all our units.
- Installed capacitors in all induction motors to keep the power factor in control. It also helped in minimizing wastage of energy up to three to four percent.
- Economizer units of our boilers maintained properly, thereby saving three to five percent on fuel consumption.
- Perpetual optimization carried out in all process operations to keep the power and fuel consumption at optimum level, thereby cutting down on the energy and production costs.

B. TECHNOLOGY ABSORPTION

FORM B

Research & Development—Converting Ideas Into Innovations

Speciality chemicals industry, by its very nature, needs the support of strong R&D. The management of OSCL is happy to inform you that your company enjoys the backup of a strong R&D team laid by promoters themselves. During 2011-12, the company set-up a state-of-the-art R&D centre at B-34, MIDC, Badlapur, District Thane—4215 03. The facility has been recognized and approved by Department of Scientific & Industrial Research (DSIR), Government of India.

The facilities available at this R&D Centre, enabled the company to take-up process research for a variety of chemicals reactions and develop niche molecules. The company is a pioneer in launching a large number of molecules in India, based on its R&D strengths. In addition to development of new speciality molecules, the company's R&D is currently working on possibilities of forward and backward integration of its existing product lines, which will certainly add value to the operations.

R&D expenditure

Particulars	2011-12 (Rs. in lakh)	2010-11 (Rs. in lakh)
Capital expenditure	238.05	172.16
Recurring expenditure	58.64	11.54
Total	296.69	183.70

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	2011-12 (Rs. in lakh)	2010-11 (Rs. in lakh)
Foreign exchange earned	2575.76	1226.57
Foreign exchange used	5281.71	2600.00

Director's Report

ANNEXURE - 3

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

Name	Age	Designation/ nature of duty	Remuneration		Qualification	Total Experience (year)	Date of commencement of employment	Last employment held and designation	Percentage of equity shares held by the employee in the company*
			Gross (Rs)	Gross (Rs)					
Mr. Pravin Herlekar	61	Chairman & Managing Director	60,00,000	59,97,500	B. Tech. (Chemical Engineer)	38	24.02.2005	Omkar Chemicals, a proprietary concern	47.56%

* as on 31.03.2012

Note

1. Gross remuneration comprises of salary and allowances.
2. The nature of employment of the above managerial personnel is contractual.

For and on behalf of Board of Directors of
Omkar Speciality Chemicals Limited

Date: June 26, 2012

Place: Badlapur, Thane District

Pravin S. Herlekar

Chairman & Managing Director

Company's philosophy on the code of governance

Corporate governance refers to systems and policies that influence a corporation's administration. Effective corporate governance emphasizes efficiency, accountability and adaptability to the changing climate. In India, government regulations, past economic influences and individual and group corporate policies influence the direction of corporate governance.

India's current corporate climate is defined largely by its developing status as an emerging economic power. As a specialist in chemicals and pharmaceuticals, our company has a strong legacy of fair, transparent and ethical governance practices. Our company has adopted the Code of Conduct for its employees, including the Directors.

The company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level the company continuously endeavours to improve upon these on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the company forward.

The Ministry of Corporate Affairs, Government of India had issued the Corporate Governance Voluntary Guidelines 2009, keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance. The company's practices embrace the elements of the guidelines substantially. The management is taking efforts to review its corporate governance parameters from time to time in the context of the other recommendations under the guidelines for appropriate adoption.

Your company has complied with the guidelines on corporate governance stipulated in clause 49 of the listing agreements executed with the stock exchanges, the disclosure requirements of which are mentioned in details in the subsequent page.

1) Board of Directors and procedures

Profile of Board of Directors



Mr. Pravin S. Herlekar

Mr. Pravin S. Herlekar is the Chairman & Managing Director. He is 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. He has been instrumental in playing a key role in the company's growth 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.



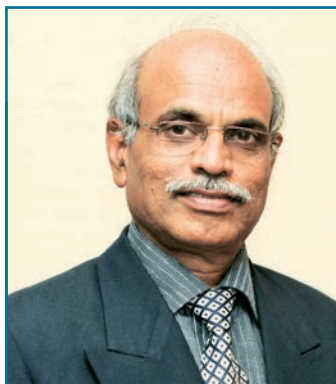
Mr. Omkar P. Herlekar

Mr. Omkar P. Herlekar is the Whole-Time Director and one of the promoters 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 four years. He looks after Research & 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

Mr. Amit A. Pandit 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. Earlier, he 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 2004 as Head of Internal Audit and was elevated to a partner in 2007. He is currently in-charge of the Risk Assurance Practice of the firm. Additionally, he is on the board of Saraswat Co-operative Bank and Saraswat Infotech Limited. He is also a visiting faculty at various management institutes for corporate finance and other finance related subjects. He is on our board since March 25, 2010.



Prof (Dr.) Suhas M. Rane

Prof (Dr.) 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 various capacities. Later he moved to academics since 2000. He was Associate Dean of ICFAI Business School and thereafter became the Director-Planning of Narsee Monjee Institute of Management Studies. currently, he is a management consultant and visiting faculty with several leading B-Schools, such as NMIMS, S.P. Jain Centres—Singapore & Dubai, Indo-German Chamber of Commerce and CII. Dr. (Prof.) Rane has to his credit several research papers published in the national & international journals and conferences. His special interest and research lies in RFID technology applications.



Mr. Subhash P. Mali

Mr. Subhash P. Mali is an Independent Director of our company. 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 employed with Arch Pharmalabs Limited, Mumbai as Technical Director.



Dr. Vikas N. Telvekar

Dr. Vikas N. Telvekar is an Independent Director of the company. He holds two Bachelor's Degrees in Science—one in Chemistry and other in Technology from University of Mumbai. He is a Master of Science (Technology) and Doctor of Philosophy (Technology) in Pharmaceutical and Fine Chemicals from University Department of Chemical Technology (UDCT), University of Mumbai. Since 2003, he is associated with The Institute of Chemical Technology (formally UDCT), 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. Recently Department of Science and Technology (DST), Government of India has awarded him the BOYSCAST fellowship. He spent six months in St. Johns' University, NY, USA to study on design of anti-diabetic agents using glycoprotein receptor (GPR) as a target.



Mr. Siddharth S. Sinkar

Mr. Siddharth S. Sinkar is a Fellow Member of the Institute of Chartered Accountants of India (ICAI), and is a commerce graduate from University of Mumbai. He has an overall experience of 12 years in the field of Income Tax, company law, banking, finance, to name a few. He has been practicing in Mumbai under the firm name M/s. Siddharth Sinkar & Associates.

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 per clause 49(1)(A) (II) of the listing agreement.

As of March 31, 2012, the company has six directors on its board, of which, four are Non-Executive & Independent Directors. None of the directors on the board is a member of more than 10 committees and Chairman of more than five committees [as specified in clause 49(1)(C)(II) of the 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. None of the directors holds office as such for more than 15 companies.

The table below gives the composition of the board and inter alia the outside directorships held by each of the directors of the company during the financial year 2011-12.

Composition of the Board

Name of the Director	Category	No. of other directorships*	No of committee membership	No of committee chairmanship
Mr. Pravin S. Herlekar	Executive Director	1	1	NIL
Mr. Omkar P. Herlekar	Executive Director	1	1	NIL
Prof (Dr.) Suhas M. Rane	Independent Director	NIL	3	2
Mr. Amit A. Pandit	Independent Director	2	2	1
Dr. Vikas N. Televekar	Independent Director	NIL	1	NIL
Mr. Subhash P. Mali	Independent Director	1	1	NIL

* Includes directorships in private companies registered under the Companies Act, 1956, bank registered under Banking Regulation Act, 1949.

Mr. Siddharth S. Sinkar was appointed as an Additional Director (Non-Executive and Non-Independent) on the Board w.e.f April 5, 2012. The board of your company in a meeting held June 26, 2012 recommended his appointment as Director (Non-Executive and Non-Independent) subject to your approval. The relevant resolution in the matter is given at point No. 6 of the notice of the meeting.

Board and committee(s) meetings held during 2011-12

Board Meetings	Audit Committee	Remuneration committee	Share Transfer & Investor Grievance committee
May 16, 2011	May 16, 2011	May 16, 2011	May 16, 2011
June 17, 2011	August 5, 2011	August 5, 2011	August 5, 2011
August 5, 2011	November 3, 2011	February 2, 2012	November 3, 2011
November 3, 2011	February 2, 2012		February 2, 2012
February 2, 2012			
March 7, 2012			

Attendance of each Director at the Board meetings held during 2011-12

Name of the Director	Category	Total attendance of board meeting	Attendance at the Previous AGM held on September 24, 2011
Mr. Pravin S. Herlekar	Executive Director	6	Yes
Mr. Omkar P. Herlekar	Executive Director	6	Yes
Prof.(Dr.) Suhas M. Rane	Independent Director	4	Yes
Mr. Amit A. Pandit	Independent Director	6	Yes
Dr. Vikas N. Televekar	Independent Director	4	No
Mr. Subhash P. Mali	Independent Director	5	No

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

Board Procedure

All the board processes of your company are well defined, structured and are 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 Chairman & Managing Director at the board meetings keeps the board apprised of the overall performance of the company.

II. BOARD COMMITTEES

The board currently has three committees such as Audit Committee, Remuneration Committee and Share Transfer & Investor Grievance Committee.

A. AUDIT COMMITTEE

Terms of reference

1. To overview the company's financial reporting process and the disclosure of its financial information.
2. Recommend the appointment of the statutory auditors and fix their remuneration.
3. Review and discuss with the statutory auditors and the internal auditors about the internal control functions.
4. Review with the management the quarterly unaudited financial statements before submission to the board for its approval.
5. Review 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 statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
6. Reviewing with the management, the statement of utilisation of funds raised through an Initial public offering (IPO). 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 IPO 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 2011-2012

Name of the Director	Category	No. of meeting attended during 2011-12
Mr. Amit A. Pandit – Chairman	Independent Non-executive Director	4
Mr. Pravin S. Herlekar – Member	Promoter Executive Director	4
Prof. (Dr.) Suhas M. Rane – Member	Independent Non-executive Director	3

Audit Committee meeting held during the 2011-12.

May 16, 2011	August 5, 2011
November 3, 2011	February 2, 2012

The internal auditor submits their observations and recommendations to the committee on issues having an impact on control system. The committee reviews various aspects of internal controls, internal audit report and risk management process on regular basis. The requirements enumerated under clause 49 of the listing agreement and as amended from time to time are also reviewed by the committee. The Company Secretary is secretary to the committee.

B. REMUNERATION COMMITTEE

Terms of reference

- 1) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors.
- 2) Overview of 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.

Composition of Remuneration Committee

Name of the Director	Category	No. of meeting attended during 2011-12
Prof. (Dr.) Suhas Rane – Chairman	Independent Non-executive Director	3
Mr.Subhash Mali - Member	Independent Non-executive Director	2
Dr Vikas N. Telvekar - Member	Independent Non-executive Director	2

Remuneration Committee Meetings held during 2011-2012

May 16, 2011	August 5, 2011
February 2, 2012	-

Details of remuneration made to Directors in the Board during 2011-2012

Name of the Director	Sitting fees (Rs.)	Salary * (Rs.)	Perquisites & allowance (Rs.)	Commission (Rs.)	Total Remuneration (Rs.)
Mr. Pravin S. Herlekar	---	60,00,000	---	---	60,00,000
Mr. Omkar P. Herlekar	---	12,00,000	----	---	12,00,000
Prof.(Dr.) Suhas M. Rane.	97,500	---	---	4,00,000	4,97,500
Mr. Amit A. Pandit	97,500	---	---	4,00,000	4,97,500
Dr. Vikas N. Televekar	37,500	---	---	4,00,000	4,37,500
Mr. Subhash P. Mali	45,000	---	---	4,00,000	4,45,000

*All Inclusive

C. SHAREHOLDERS & INVESTOR GRIEVANCE COMMITTEE:

The terms of reference:

1. Redressal of shareholder's/investor's complaints expeditiously.
2. Approval of allotment, transfer & transmission of shares/debentures or any other securities and issue of duplicate certificates and new certificates on split/consolidation/renewal, etc., as may be referred to it by the Share Transfer Committee.
3. The company has adopted the code of conduct for Prevention of Insider Trading, under the SEBI (Prohibition of Insider Trading) Regulations. Mrs. Swapnali Puranik, Company Secretary has been appointed as the Compliance Officer for implementation of and overseeing compliance with the regulations and the code across the company.

Share transfer investor grievance committee meetings and the attendance during 2011-2012

Name of the Director	Category	Meetings attended during 2011-12
Prof. (Dr.) Suhas M. Rane—Chairman	Independent Director	3
Mr. Amit A. Pandit—Member	Independent Director	4
Mr. Omkar P. Herlekar—Member	Whole Time Director	4

There were four meetings held during 2011-12

May 16, 2011	August 5, 2011
November 3, 2011	February 2, 2012

Name, designation and address of the Compliance Officer:

Mrs. Swapnali S. Puranik

Company Secretary and Compliance Officer

B-34, MIDC, Badlapur (East),

District Thane—421 503, Maharashtra.

Tel: +91 251 2690651

Fax: +91 251 2697347

Email: cs@omkarchemicals.com

Shareholders may also correspond with the company on the email address: care@omkarchemicals.com

No investor complaint was received during the financial year 2011-2012.

III General Body Meetings

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

Financial Year	Date of Annual General Meeting	Venue of Meeting
2008-2009	June 12, 2009	W-92 (A), MIDC, Badlapur (East)—421503, Thane
2009-2010	September 9, 2010	B-34, MIDC, Badlapur (East)—421503, Thane
2010-2011	September 24, 2011	Sanjivani, Near Monginis cake shop, Badlapur (E)—421503, Thane

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

Date of AGM	Details of Special resolution passed
June 12, 2009	No special resolution was passed at 4th Annual General Meeting held on this date
September 9, 2010	A special resolution was passed at the 5th Annual General Meeting of the company for revision in remuneration payable to Mr. Pravin S. Herlekar, Chairman & Managing Director from October 1, 2010 in consideration of the performance of his duties, whereby his salary was proposed to be increased upto Rs. 5 lakh per month
September 24, 2011	A special resolution was passed at the 6th Annual General Meeting held on September 24, 2011, for payment of commission not exceeding in the aggregate one percent (1%) p.a of the net profit of the company for each of the five financial years of the company commencing from April 1, 2011 to be paid to directors of the company excluding the Managing Director and Whole Time Director.

Details of resolutions passed at the extra-ordinary general meetings held during last three financial years

Date of EGM	Details of Special resolution passed
February 19, 2010	Following special and ordinary resolutions were passed in the said extra-ordinary general meeting of the company: <ol style="list-style-type: none"> 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 Rs.15 crore to Rs.25 crore 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
July 15, 2010	Following resolutions were passed in the said extra-ordinary general meeting of the company: <p>Special Resolution</p> <ol style="list-style-type: none"> 1. Appointment of Mr. Pravin S. Herlekar as a Chairman & Managing Director of the Company and fixing his remuneration (Rs.1.5 lakh per month) 2. Appointment of Mr. Omkar P. Herlekar as Whole-time Director and fixing his remuneration (Rs.1 Lakh per month) 3. Fixing up remuneration of Mr. Shivdas R. Herlekar (Rs.0.10 lakh) 4. Fixing up remuneration of Mrs. Anjali P. Herlekar (Rs.0.25 lakh) <p>Ordinary Resolution</p> <ol style="list-style-type: none"> 1. Appointment of Mr. Amit Pandit as Director (Non-Executive and Independent) 2. Appointment of Dr. Vikas Telvekar as Director (Non-Executive and Independent) 3. Appointment of Prof.(Dr) Suhas Rane as a Director (Non-Executive and Independent) 4. Appointment of Mr. Subhash Mali as Director (Non-Executive and Independent) <p>All the above Non-executive and Independent Directors were appointed as Additional Directors (Non-executive and Independent) w.e.f March 25, 2010.</p>

Postal Ballot resolution

The Board of Directors at its meeting held on June 17, 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, appointed as the scrutinizer by the board has carried out the scrutiny of all postal ballot forms received and submitted his report on August 5, 2011 to the Chairman of the company. The summary of scrutinizer's report is as follows:

- 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)

The postal ballot process was conducted in a fair and transparent manner.

IV. DISCLOSURES

I) The board 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 bodies

III) 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

IV) 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 financial statements of the company are unqualified
- The company has adopted a Whistle Blower Policy, which has been widely disseminated to all employees in the company
- Remaining non mandatory requirements of clause 49 are expected to be addressed in due course

IV) The Chairman & Managing Director of the company has certified to the board in accordance with clause 49 (V) of the listing agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2012.

V) Management discussion and analysis report (MD&A)

The MD&A report forms a part of the Annual 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.

(vi) Whistle Blower Policy

The board has adopted a Whistle Blower Policy to promote reporting of any unethical or improper practice or violation of the company's code of conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the company. It gives a platform to the whistle blower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints.

V. MEANS OF COMMUNICATION

- 1) The company's corporate website www.omkarchemicals.com provides comprehensive information about its portfolio of businesses. Section on 'investors' serves to inform and service the shareholders allowing them to assess information at their convenience. The entire report and accounts are available in downloadable formats
2. Quarterly and annual results are published in prominent daily newspapers viz. The Economic Times and The Maharashtra Times
3. Official news releases, presentations etc. made to institutional investors are displayed on the company's website: www.omkarchemicals.com

VI. GENERAL SHAREHOLDER INFORMATION

The company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number (CIN) allotted to the company by the Ministry of Corporate Affairs (MCA) is L24110MH2005PLC151589.

Annual General Meeting

Day, Date & Time : Saturday, August 4, 2012 at 10.30 am.

Venue : Sanjeevani Hall, Near 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 July 28, 2012 to Saturday August 4, 2012 (both days inclusive), for determining the entitlement of the final dividend for the financial year ended 2011-12.

Registered office

The company's registered office is located at B-34, MIDC, Badlapur (East), Thane—4215 03.

Bank details for dividend payment

Shareholders holding shares in physical form are requested to notify /send the following information to the Registrar & Transfer Agent of the company.

- Any change in their address/mandate /bank details etc
- Particulars of the bank account in which they wish their dividend to be credited, in case the same has not been furnished earlier and should include the following particulars namely, bank Name, branch Name, account type, account number and MICR Code (nine digit)required to submit their PAN along with a photocopy of both sides of the PAN card, duly attested).

Permanent account number (PAN)

Securities and Exchange Board of India (SEBI) has made it mandatory for every participant in the securities/capital market to furnish Permanent Account Number (PAN) issued by the Income Tax Department. Accordingly, all shareholders are required to submit their PAN along with a photocopy of both sides of the PAN card, duly attested.

Shareholders with shareholding in physical form are requested to send a copy of the PAN card of all holders (including joint holders) duly attested, by Notary Public/Gazetted Officer/bank manager under their official seal and stating their full name and address, folio no. to the company or its Registrar & Share Transfer Agent.

Shareholders holding shares in electronic form are required to furnish their PAN details to their depository participant with whom they maintain their account along with the documents as required by them.

Nomination facility

Shareholders, holding shares in physical form and desirous of submitting/changing nomination in respect of their shareholding in the company may submit form 2B (in duplicate) as per the provisions of section 109(A) of the Companies Act, 1956 to the company's Registrar & Transfer Agent.

Electronic Clearing Service (ECS) facility

The company pays dividend through ECS —by crediting the shareholder's bank account directly

- Members holding shares in 'physical form' and desirous of availing this facility are requested to send their details in ECSA mandate form. The ECS mandate form may be collected from the company's corporate office or its Registrar & Transfer Agent
- To avail of the ECS facility the mandate form should be sent by post or hand delivered to the company's corporate office or its Registrar and Transfer Agent so as to reach before commencement of the book closure date i.e. July 28, 2012
- Members holding shares of the company in DEMATERIALISED (electronic) form are requested to intimate all changes pertaining to their Bank account details, ECS mandates, nominations, power of attorney, change of address/ name etc. to their Depository Participant(DP) only and not to the company or its Registrar and Transfer Agent. Changes intimated to the DP would be downloaded and updated in the company's record for disbursement of dividend of dividend or any corporate benefits.

Listing of Equity Shares on the Stock Exchanges

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

Listing fees to stock exchanges:

The company has paid the listing fees for the year 2012-2013 to the above stock exchanges

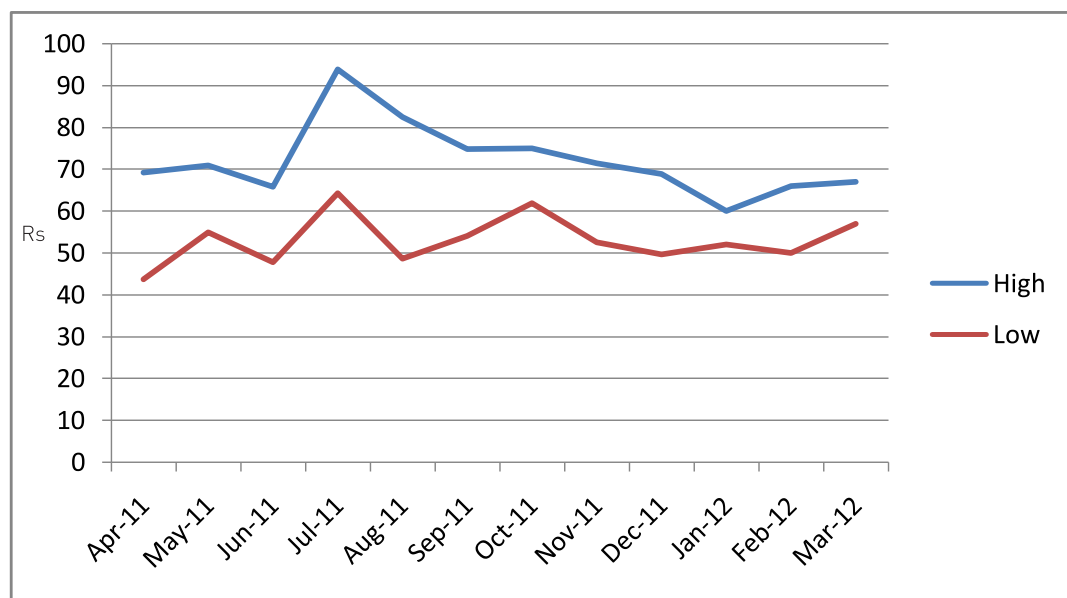
Custodial fees to depositories:

The company has paid custodial fees for the year 2012-2013 to National Securities Depository Limited and Central Depository Services (India) Limited

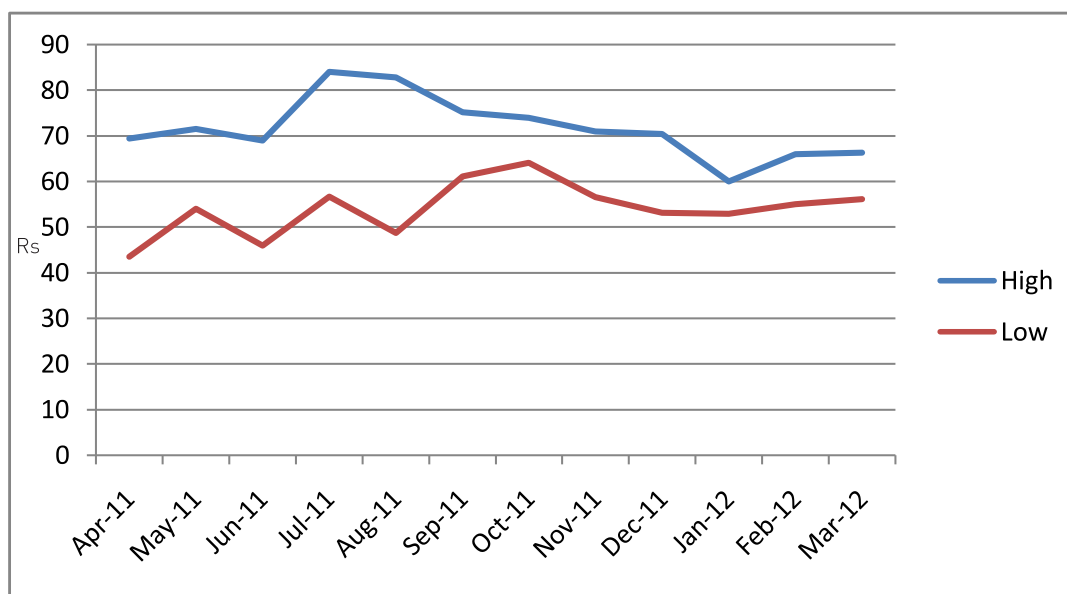
Stock Price Data (Monthly High/Low prices for the year 2011-2012)

Month	Bombay Stock Exchange Ltd		National Stock Exchange Ltd	
	High (Rs.)	low (Rs.)	High (Rs.)	low (Rs.)
April 2011	69.20	43.75	69.35	43.5
May 2011	70.90	55.00	71.50	54.0
June 2011	65.75	47.85	68.95	45.90
July 2011	93.80	64.30	84.00	56.65
August 2011	82.40	48.70	82.80	48.70
September 2011	74.70	54.05	75.15	61.10
October 2011	74.95	62.00	73.90	64.05
November 2011	71.30	52.55	71.00	56.55
Decenber 2011	68.75	49.75	70.35	53.10
January 2012	60.00	52.10	60.00	52.90
February 2012	65.90	50.00	65.95	55.00
March 2012	67.00	57.05	66.30	56.05

Stock price data: Bombay Stock Exchange (BSE)



Stock price data: National Stock Exchange (NSE)



Share Registrars & Transfer Agent

Registered Office: Bigshare Services Pvt. Ltd.
 E-2&3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (East), Mumbai—400 072.
 Tel: +91 22 4043 0200
 Fax: +91 22 2847 5207

Distribution of Shareholding as on March 31, 2012:

No. of Equity Shares	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
1 to 500	5,825	92.84	739400	3.76
501 to 1,000	204	3.25	163585	0.83
1,001 to 2,000	102	1.62	152854	0.77
2,001 to 3,000	33	0.52	84655	0.43
3,001 to 4,000	12	0.19	42092	0.21
4,001 to 5,000	19	0.30	86986	0.44
5,001 to 10,000	21	0.33	146603	0.74
10,001 and above	58	0.92	18211829	92.78
TOTAL	6,274	100%	19628004	100%

Shareholding pattern as on March 31, 2012

Category	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
Clearing Member	25	0.40	4829	0.02
Corporate Body	192	3.06	2039348	10.39
Financial Institution	1	0.02	1020360	5.2
Foreign Institutional Investor	1	0.02	1158817	5.9
Non-Nationalized Bank	NIL	NIL	NIL	NIL
Non-Resident Indians (NRIs)	54	0.86	70618	0.36
Promoter & Promoter Group	6	0.10	11795836	60.1
Public	5992	95.55	3538196	18.03
Total	6271	100	19628004	100

List of shareholders holding more than 1.00% share (other than promoters) (As at March 31, 2012)

Sr. No.	Category	Folio No/Client ID	Shareholder's Name	Shares	Percentage
1	Foreign Inst. Investor	IN30134820003558	M/s. Taib Securities Mauritius Limited	11,58,817	5.88
2	Non nationalised Banks	IN30048410820757	Axis Bank Limited	10,20,360	5.18
3	Corporate Bodies	1202700000144422	M/s.Celestial Tradechem Pvt Ltd	5,96,215	3.03
4	Public	IN30021410811660	Mr.Ranjit H. Bhavnani	4,32,253	2.19
5	Corporate Bodies	1204190000160625	M/s.Almondz Finanz Limited	3,39,760	1.72
6	Corporate Bodies	1204190000030798	M/s.Almondz Capital & Management Services Pvt Ltd	3,03,138	1.54
		Total		38,50,543	19.54

Shareholding of directors in the company as at March 31, 2012 in their personal capacity and either as sole or first or joint holders:

Name of the Director	No. of Equity Shares Held
Mr. Pravin S. Herlekar (Chairman & Managing Director)	93,35,294
Mr. Omkar P. Herlekar (Whole-Time Director)	6,53,352
Mr. Amit A. Pandit	NIL
Prof. (Dr.) Suhas M. Rane	NIL
Mr. Subhash P. Mali	NIL
Dr. Vikas N. Telvekar	NIL
Relatives of Director:	
Mr. Ashay Suhas Rane	759
Ms. Meena Suhas Rane	4,007
Total	99,93,412

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.

Code for Prevention of Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations 1992, the company has adopted a Code for Prevention of Insider Trading. The objective of the code is to restrict an insider from dealing in the shares of the company either directly or indirectly when in possession of unpublished price sensitive information. The code is applicable to the directors and designated employees/persons associated with the company. The code enumerates the procedure to be followed for dealing in the shares of the company and periodic disclosures to be made. It also restricts the insiders from dealing in the company's shares during the period when the trading window is announced closed. Mrs. Swapnali S. Puranik, Company Secretary, has been designated as the compliance officer.

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.

Plant location

Plant	Activities	Address
Unit I	Inorganic Chemicals	W-92, MIDC, Badlapur, Dist. Thane, Maharashtra
Unit II	Organic synthesis	F-24, MIDC, Badlapur, Dist. Thane, Maharashtra
Unit III	Selenium Sulphide	B-34, MIDC, Badlapur, Dist. Thane, Maharashtra
Unit IV	Existing ware house. Proposed for new facility for organic chemicals	F-10, MIDC, Badlapur, Dist. Thane, Maharashtra
Unit V	Facility under progress for organic chemicals	D 27/5, MIDC, Lote Parshuram, Chiplun, Ratnagiri

For and on behalf of Board of Directors of
Omkar Speciality Chemicals Limited

Date: June 26, 2012

Place: Badlapur, Thane District

Pravin S. Herlekar

Chairman & Managing Director

Code of conduct

The company has laid down a code of conduct for all board members and senior management personnel. The same has been uploaded on the company's website www.omkarchemicals.com. The declaration of Chairman & Managing Director is given below:

To,

The members of Omkar Speciality Chemicals Limited

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, 2012.

For and on behalf of Board of Directors of
Omkar Speciality Chemicals Limited

Date: June 26, 2012

Place: Badlapur, Thane District

Pravin S. Herlekar

Chairman & Managing Director

Auditors' Certificate

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 March 31, 2012, 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 J.P.J Associates

Chartered Accountants
(Firm Registration No:113012W)

Date: June 26, 2012

Place: Mumbai

Pravin Deshpande

Partner
(Membership No:045249)

Management discussion and analysis (MD&A)

INDUSTRY SCENARIO

The Indian speciality chemicals industry is poised for a break through and is expected to follow an accelerated growth path in line with growing economy. The demand in the sector is mostly driven by the strong growth outlook for end-use industries.

The speciality chemicals is a highly knowledge driven industry, in which R&D plays a pivotal role for development of non-conventional speciality molecules. Pharmaceuticals, coating industry, micro-nutrients, automotive sector, and personal care products are the key areas driving the growth of speciality chemicals industry in India. In addition to the domestic market in India, global speciality chemicals market is also expected to grow sizably.

Increased production cost restrictions have forced the API manufacturers from the developed economies to shift their manufacturing base to the emerging economies like India and China, and Eastern European countries like Hungary and Poland.

The above factors have helped the emerging countries to make their global presence felt in the API market. The growth of API market in India is certainly going to add pressure on production capacities. This would result in the increased scope and revenue for Indian speciality chemicals manufacturers.

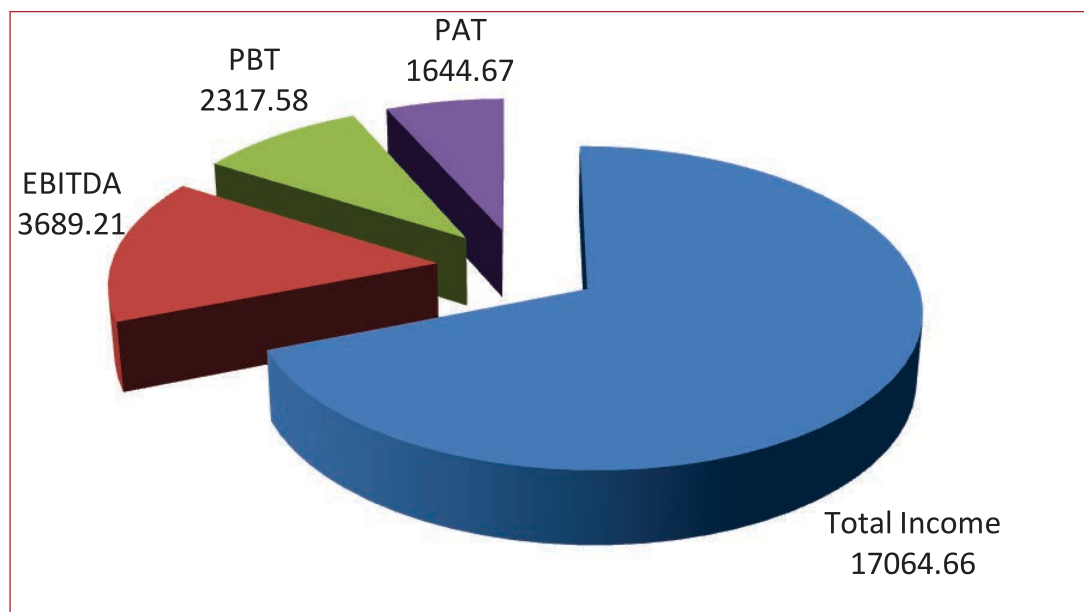
FINANCIAL PERFORMANCE

The Key Financial Highlights of the company is as under:

The revenue from operation has increased to Rs.16694.80 lakh during the year as compared to Rs.10676.00 lakh in previous year recording a growth of 56.37%. The Profit After Tax (PAT) increased to Rs.1644.67 lakh from Rs.1014.04 lakh during the previous financial year, registering a growth of 62.18 %.

Description	2011-12 (Rs. in Lakh)	2010-11 (Rs. in Lakh)
Total revenue	17,064.66	10,729.46
EBIDTA	3,689.21	2,146.69
Interest / Finance charges	809.53	527.62
Depreciation & Amortisation	562.09	1,90.86
Profit Before Tax (PBT)	2317.58	1,471.06
Taxation	672.91	457.02
Profit After Tax (PAT)	1,644.67	1,014.04
Earnings Per Share (EPS) (in Rs) Basic and Diluted	8.38	7.95
Face value of equity share (in Rs)	10	10

Key financial highlights of FY 2011-12 (in lakh)

**MANUFACTURING**

OSCL has four manufacturing facilities in MIDC, Badlapur, and one facility at MIDC, Lote Parshuram, Chiplun. Similarly, OSCL's subsidiary Urdhwa Chemicals Co Pvt. Ltd is also located at MIDC, Lote Parshuram, Chiplun. Another subsidiary—Lasa Laboratory Private Limited, located at MIDC, Mahad has facilities for manufacturing API's.

The company is well equipped to manufacture a variety of speciality chemicals comprising of inorganic and organic molecules at its facilities. Most of the facilities of the company are flexible in operation for manufacturing multiple products. All the facilities are equipped with suitable safety requirements to handle any emergency operations. Proper instrumentations are in place to safeguard the process parameters.

Proper documents as regards production and quality reports are maintained as per the statutory requirements. Company's unit No II is an ISO 9001:2008 certified unit. The process for qualifying other units under ISO certification is currently on. All the facilities of the company are periodically audited by its valued customers including multinationals.

QUALITY CONTROL

Maintaining quality of our products is the basic essence of our company's business. To manage this, we have a well-equipped QC lab with a dedicated QC team engaged in monitoring the overall QC activities, such as analysis of the finished products, raw materials, development of new test methods, instrumental up gradation, carrying out stability studies, preservation of control samples, release of the products in line with the established test procedure and in-house specifications.

Appropriate controls are exercised to ensure the compliance with prescribed specifications and quality of the desired product. The adherence to the required quality standards is achieved with the support of advanced instrumentation system.

HUMAN RESOURCE

In today's competitive world, the most substantial & differentiating factor of business remain unchanged and that is effective Manpower. A highly engaged and motivated employee base along with adequate leadership qualities, technical knowledge and business skills remain the most important asset of an organization.

At Omkar Speciality Chemicals Ltd, we realize the importance of both our people and their potential to contribute to the success of our company. While our products, customers and innovation will continue to be an important factor in accelerating the speed at which we grow, our people are facilitators to our growth agenda.

During the year, the organization took several steps in assimilating and aligning its people, processes and the systems to ensure that it is not only able to meet the current business growth but at the same time it is prepared for the future. The company continues to take measures to ensure that a pool of talented individuals are developed and retained to sustain the business growth.

EXPORT

During the year, your company has increased its focus on exports and has achieved 127% increase in exports as compared to previous year. The management is strategically targeting various countries and products so as to increase the exports.

The company's products are regularly exported to various European countries and products have been well accepted in the European market. The Company enjoys excellent goodwill with these overseas customers. As you are aware, the company has acquired Lasa Laboratories Private Limited which is engaged in manufacturing of APIs for veterinary applications. Bulk of the production from this unit will be exported and the company will be targeting new markets like Africa, Australia and New Zealand for these products.

The company regularly participates in the international exhibitions held in Europe and China for promoting its products. These participations have positively contributed for increase in exports. Company's products and facilities have been validated by a number of overseas buyers. With the help of the ground work done so far, the Company is poised for major achievements in the overseas market in the near future.

INFORMATION TECHNOLOGY

ERP: Old game, new challenges

During the FY 2011-12, our company has initiated action for implementing ERP across its units. After a detailed evaluation of various ERP's available in the market, our management decided to implement Microsoft Dynamics Nav. A third party agency has been appointed to do the implementation work, which is expected to be completed shortly.

ERP will facilitate company-wide integrated information system covering all functional areas like manufacturing, selling and distribution, payables, receivables, inventory, accounts, human resources and purchases. It will bridge the information gap across Group. Electronic fund transfer (EFT), electronic data interchange (EDI), video conferencing and E-commerce will be facilitated by introduction of ERP. This will result in to better working capital management, inventory control and cash management. ERP will provide business intelligence tools like decision support systems (DSS), executive information system (EIS), reporting, data mining and early warning systems (Robots) for enabling people to make better decisions, and thus improve our business processes.

ENVIRONMENT PROTECTION & ENERGY CONSERVATION

Our company has taken various measures towards environmental protection and pollution control that include effluent treatment as per conditions set-up by the Maharashtra Pollution Control Board. The company is also exploring possibilities of zero liquid discharge and total recycle facility for the effluent discharged from all our manufacturing units.

Across our Group, there has been considerable progress in terms of developing abatement strategies, increasing awareness and determining best practices. Perpetual optimization is done in all process operations to keep the power and fuel consumption at optimum level, thereby cutting down on the energy and production costs.

INTERNAL CONTROL SYSTEM: A Preventive Maintenance Program

OSCL being a speciality chemicals and API manufacturing company having a global presence operates under complex regulatory frameworks. Our governance and compliance processes, which include the review of internal control over financial reporting ensure that all assets of our Group are safeguarded and protected against any loss, and all the transactions are properly authorized, recorded and reported.

OSCL conducts regular internal audits through an independent internal auditor. The internal auditor directly reports to the audit committee. The audit committee members review the internal audit reports quarterly. Audit results are used by management to create detailed action plans where the businesses have not yet achieved full compliance with the requirements. Key findings are then reported to senior management and summary reports are considered by the audit committee of the board.

In order to further strengthen the internal controls, OSCL is investing in Information Technology, wherein there are inbuilt checks and controls. Currently ERP implementation process is being carried out in OSCL, which is expected to be operative shortly.

IT security processes protecting this system are in place and are subject to assessment as part of the review of internal control over financial reporting.

SUBSIDIARIES

Urdhwa chemicals Co. Pvt. Ltd

During FY2011-12, our company acquired Urdhwa Chemicals Co. Pvt. Ltd. located at Plot No.C-4, MIDC, Lote Parshuram Industrial Area, Taluka Khed, District Ratnagiri, Chiplun. OSCL has installed additional equipment in order to make this unit a full-fledged intermediates manufacturing facility. The capacity of this plant is 2,800 MT per annum. The construction is nearing completion and most of the equipment have been installed. The plant is currently in the final stages of finishing operations and most likely to be commissioned soon.

Lasa Laboratory Private Limited

Our company acquired Lasa Laboratory Private Limited, an API manufacturing facility located at Plot No.C-105, Mahad Industrial Area, MIDC, Village Khajre, Airwandi, District Raigad, Mahad. Lasa Labs is engaged in manufacturing of Anthelmintic APIs for veterinary applications. The company proposes to expand its capacities from existing 120 MT per annum to 500 MT per annum. The products manufactured at Lasa Labs have potential for exports to Africa, Australia, New Zealand and Europe, besides the domestic market. The capacity expansion will be done over a period of one year to meet the targeted market. In addition to the existing products being manufactured at Lasa Labs, OSCL also plans to undertake forward integration of some of its existing intermediates by converting them into APIs, thereby leading to a value addition. By acquisition of Lasa Labs, OSCL has gained a foothold in the API manufacturing space.

Rishichem Research Limited

Located at W-83(C), MIDC, Badlapur, District Thane, Rishichem Research Ltd has a dedicated facility for scale up operations for product development. OSCL has a state-of-the-art R&D facility at its corporate office situated at B-34, MIDC, Badlapur, District Thane. This facility is recognized by DST and is engaged in development of new molecules at micro level. The products developed in the R&D Centre are scaled to kilogram levels at Rishichem Research Private Limited, wherein the processes are standardized and quality standards established before launching the products for commercial production.

Desh Chemicals Private Limited

Desh Chemicals Private Limited located at W-93(A), MIDC, Badlapur, Dist:Thane is situated at site adjacent to OSCL's Unit No.I. This has provided opportunities for OSCL for expanding its activities for Unit No.I. OSCL has also acquired plots at W-94(A) and W-95(A) which are adjacent to Plot No.W-93(A) of Desh Chemicals Private Limited. Due to these acquisitions the company is now in possession of plots—W-92 (A), W-93 (A), W-94(A) and W-95 (A), admeasuring 2,880 sq mtrs in aggregate. Thus OSCL is now in a position to expand the activities at Unit No.I spreading over a larger area. For purpose of this, Desh Chemicals Private Limited is proposed to be amalgamated with OSCL, the procedure for which have been been already initiated.

Cautionary statement

Statements in the management discussion and analysis describing the company's objectives, projections, estimates, expectations may be "forward- looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include climatic conditions, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

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 March 31, 2012 and also the Profit and Loss Account and 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto 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 in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 our examination of those 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, Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on March 31, 2012 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 the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012
 - 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 the cash flow statement, of the cash flows for the year ended on that date.

For J.P.J. Associates

Chartered Accountants
Firm Registration No. 113012W

CA Pravin Deshpande

Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for certain items of Fixed Assets, the quantitative details of which, we were informed, are in the process of being compiled.

(b) The fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.

(c) The company has not disposed of a substantial part of its fixed asset during the year and the going concern status of the company is not affected.

(ii) (a) As explained to us and on the basis of verification of relevant records, the inventories have been physically verified by the Management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.

(iii) In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

(a) The Company has granted unsecured loans to its subsidiaries, the maximum amount outstanding at any time during the year was Rs.1,276.83 Lacs and the year end balance Rs.973.95 Lacs. This includes interest free loan of Rs.43.84 Lacs.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.

(c) According to the information and explanations given to us, the principal amounts are repayable over a period of five years and the interest is recovered at the discretion of the Company.

(d) In respect of the said loans and interest thereon, there are no overdue amounts.

(e) During the year the Company has taken unsecured loan from a directors. The balance outstanding as at 31st March 2012 is Rs.Nil (Previous Year Rs. 181.02 Lacs). Maximum balance outstanding is 181.02 Lacs.

(f) In our opinion and according to the explanation given to us the rate of interest, any other terms and conditions of the Loan taken are not prima-facie prejudicial to the interest of the Company.

(g) The loans taken are repaid during the year.

(iv) (a) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.

(b) In our opinion, and according to the information and explanation given to us, these transactions made in pursuance of such contracts and arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding Rs.5 Lacs in respect of each party have been made at prices which are reasonable having regards to the prevailing market prices at the relevant time.

(vi) According to the information and explanation given to us the Company has not accepted any deposits from public to which the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.

(vii) In our opinion, the Company has an internal audit system commensurate with the nature of its business and size of the Company.

Auditors' Report

(viii) We have broadly reviewed cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and are of the opinion that prima facie the prescribed records have been maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) (a) According to the records of the Company and as per the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Wealth tax, Service tax, Custom Duty, and other material statutory dues applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as on 31.3.2012 for a period of more than six months from the date of becoming payable.

(b) According to the information and explanations given to us and records examined by us, there are no disputed dues of Sales Tax, Income Tax, Wealth tax, Service tax, Customs duty, excise duty and cess outstanding as on 31st March, 2012.

(x) The Company has no accumulated losses as on 31st March, 2012 and has not incurred cash losses during the financial year covered by our audit as also during the immediate preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions or banks.

(xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments, hence, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.

(xv) The Company has given guarantees for loans taken by Others from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.

(xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) The Company has not issued any debentures during the financial year and therefore the question of creating securities or charge in respect thereof does not arise.

(xx) The Company has not made any public issue during the year.

(xxi) Based upon the audit procedure performed and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

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

CA Pravin Deshpande
Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

BALANCE SHEET AS AT MARCH 31, 2012

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

	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	1	1,962.80	1,962.80
Reserves and surplus	2	8,620.69	7,261.17
		10,583.49	9,223.97
Non Current Liabilities			
Long-term borrowings	3	467.66	827.29
Deferred tax liabilities (Net)	4	122.76	64.99
Long - term provisions	5	102.59	41.41
		693.01	933.69
Current Liabilities			
Short-term borrowings	3	6,916.70	3,289.88
Trade payables	6	2,526.30	2,159.34
Other current liabilities	7	658.11	599.03
Short-term provisions	8	289.01	1,044.25
		10,390.12	7,092.50
TOTAL		21,666.62	17,250.16
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	9	3,625.38	2,055.24
Intangible Assets	9	3.49	-
Capital Work-in-Progress	9	3,047.55	1,755.55
Intangible Assets under Development	9	17.71	3.78
Non Current Investments	10	212.08	139.08
Long -term Loans and Advances	11	998.29	102.01
		7,904.50	4,055.66
Current Assets			
Inventories	12	5,266.25	3,007.75
Trade Receivables	13	3,848.52	2,721.44
Cash and Cash Equivalents	14	3,140.36	4,121.41
Short- term Loans and Advances	15	408.01	2,327.56
Other Current Assets	16	1,098.98	1,016.34
		13,762.12	13,194.50
TOTAL		21,666.62	17,250.16
Significant Accounting Policies Notes on Financial Statements	1 to 27		

As per our report of even date
For J.P.J. Associates
Chartered Accountants
Firm Registration No:113012W

CA Pravin Deshpande
Partner
M.No. 045249
Place : Mumbai
Date: May 19, 2012

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman and Managing Director)

Omkar Herlekar
(Whole Time Director)

Swapnali Puranik
(Company Secretary)

Financial Statement

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

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

	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Revenue from Operation	17	16,694.80	10,676.00
Other income	18	369.86	53.46
Total Revenue		17,064.66	10,729.46
EXPENDITURE			
Cost of Material Consumed	19	10,773.33	7,168.90
Purchase of stock in trade		1,817.96	988.73
Changes in inventories of Finished Goods, Work in progress and Stock in Trade	20	(1,157.10)	(698.27)
Employee benefits expense	21	638.34	320.71
Finance Costs	22	809.53	527.62
Depreciation and Amortization expense	9	562.09	190.86
Other Expenses	23	1,302.93	759.85
Total Expenditure		14,747.08	9,258.40
Profit before tax		2,317.58	1,471.06
Tax Expenses			
Previous year adjustments		2.44	-
Current Tax		612.70	435.00
Deferred Tax		57.77	22.02
Profit for the period		1,644.67	1,014.04
Earnings per equity share (in Rs.)			
Basic & Diluted		8.38	7.95
Face Value of Equity Shares (in Rs.)		10	10
Significant Accounting Policies Notes on Financial Statements	1 to 27		

As per our report of even date

For and on behalf of the Board of Directors

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

Pravin Herlekar
(Chairman and Managing Director)

Omkar Herlekar
(Whole Time Director)

CA Pravin Deshpande
Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

Swapnali Puranik
(Company Secretary)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

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

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	2,317.58	1,471.06
Adjustments for :		
Depreciation	562.09	190.86
Finance expenses	809.53	527.62
Interest Income	(317.75)	(42.31)
Dimunition in Value of Investment	2.55	-
Unrealised Foreign exchange gain	(25.59)	8.17
Operating Profit before working capital changes	3,348.41	2,155.40
Adjustments for :		
Trade and Other Receivables	(1,127.08)	(1,063.73)
Long -term Loans and Advances	(896.28)	89.23
Short- term Loans and Advances	1,919.55	(219.34)
Other Current Assets	(82.64)	(148.49)
Inventories	(2,258.50)	(1,059.57)
Trade and Other Payables	(341.35)	936.00
	(2,786.30)	(1,465.90)
Taxes Paid	(598.27)	(276.17)
Cash Generated from Operations	(36.16)	413.33
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets(refer note 9)	(3,441.66)	(4,420.04)
Investments in shares of subsidiary companies	(75.55)	(130.10)
Income from Interest received	317.75	42.31
Net Cash used in Investing Activities	(3,199.46)	(4,507.83)

Financial Statement

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

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

	For the year ended March 31, 2012	For the year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Short term Borrowings	3,626.82	1,469.92
Proceeds from Long term Borrowings	(359.63)	389.16
Increase/(Decrease) in Share Capital & Share premium Public Issue & Brand Building Expenses	-	7,938.00
Interest paid	(809.53)	(1,087.31)
Dividend paid (including Dividend Distribution Tax)	(228.69)	(527.62)
Net Cash from Financing Activities	2,228.97	8,182.15
Net increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(1,006.65)	4,087.65
Cash and Cash equivalents at the beginning of the year	4,121.41	41.93
Exchange difference on translation of foreign currency cash and cash equivalents	25.59	(8.17)
Cash and Cash equivalents at the end of the year	3,140.36	4,121.41

Notes:

- Figures in brackets indicate outflows.
- Purchase of fixed assets includes payments for items in capital work in progress.
- Cash and Cash equivalents represent Cash and Bank balances
- Cash and Cash equivalents includes Rs 386.88 lakh held as Margin money pledged with the bank.
(Previous year Rs 261.22 lakh)

As per our report of even date

For and on behalf of the Board of Directors

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

Pravin Herlekar
(Chairman and Managing Director)

Omkar Herlekar
(Whole Time Director)

CA Pravin Deshpande
Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

Swapnali Puranik
(Company Secretary)

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the provisions of the companies Act, 1956 and the applicable accounting standards. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

2. USE OF ESTIMATES:

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

3. FIXED ASSETS:

1. Fixed Assets are stated at cost of acquisition or construction (net of CENVAT/VAT credit availed) less accumulated depreciation/amortization and impairment loss, if any.
2. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

4. FOREIGN CURRENCY TRANSACTIONS/TRANSLATION:

Foreign currency transactions denominated in foreign currencies are recorded at the rate of exchange prevailing on the date of transaction. Exchange differences, if any, arising out 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.

5. INVENTORIES:

1. Raw Material

The company is valuing Raw material, packing material and stores & spares 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,

Packing material and stores & spares. In determining the cost the First In First Out (FIFO) method is used.

2. Finished Goods and Work in process

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

6. REVENUE RECOGNITION:

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

7. INVESTMENTS:

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

8. 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.

9. 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.

10. DEPRECIATION AND AMORTIZATION :

1. Intangible Assets :

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

Computer Software is depreciated at the rate specified in Schedule XIV of the Companies Act, 1956.

2. Tangible Assets :

Depreciation on all fixed assets is provided as per the provisions of Companies Act, 1956 on Written Down Value Method. Depreciation is calculated on pro-rata basis from month of installation till the month of the assets are sold/ disposed off.

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

11. EMPLOYEE BENEFITS:

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

2. Provision for Gratuity is made and provided on actuarial valuation basis. Other retirement benefits are accounted as per company's policy.

12. TAXES ON INCOME

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

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

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

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. SECURITY PREMIUM ACCOUNT:

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

19. CHANGES IN ACCOUNTING POLICIES :

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

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

	As at March 31, 2012	As at March 31, 2011
1. SHARE CAPITAL		
AUTHORISED CAPITAL		
25000000 Equity Shares of Rs. 10/- each	2,500.00	2,500.00
Issues, Subscribed and Paid up:		
19628004 Equity Shares of Rs. 10/- each, Fully paid Up	1,962.80	1,962.80
	1,962.80	1,962.80

The Movements of Share capital is set out below:

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
Authorised				
Authorised Share Capital at the beginning of the Year	25,000,000	2,500.00	1,500,000	1,500.00*
Increased during the year	-	-	1,000,000	1,000.00 *
Authorised Share Capital at the end of the year	25,000,000	2,500.00	2,500,000	2,500.00
Issued, Subscribed and Paid up capital				
At the beginning of the Year	19,628,004	1,962.80	1,152,800	1,152.80 *
Share issued during the Year for consideration other than cash	-	-	8,100,004	810.00
At the end of the Year	19,628,004	1,962.80	9,252,804	1,962.80

*- Face value Rs 100/- (Refer explanation in Point 3 below)

SHARE HOLDING IN EXCESS OF 5%

	As at March 31, 2012		As at March 31, 2011	
	No. of Share	Amount	No. of Share	Amount
Pravin Herlekar	9,335,294	933.53	9,144,480	914.45
Anjali Herlekar	1,208,240	120.82	1,208,240	120.82
TAIB Securities Mauritius Limited	1,158,817	115.88	1,158,817	115.88
Axis Bank Limited	1,020,360	102.04	1,020,360	102.04
Total	12,722,711	1,272.27	12,531,897	1,253.19

Notes:

of the above equity shares:-

- 1)25100 Equity shares of Rs. 100/- each have been issued for consideration other than cash
- 2)Nil Equity shares of Rs.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)Nominal value of Rs 100/- per Equity Share sub-divided into Rs 10/- per Equity Share, during the Financial Year 2010-2011.
- 4)During the previous year 8100004 Equity shares of Rs. 10/- each were issued at premium of Rs. 88/- each by public offer.

Financial Statement

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

	As at March 31, 2012	As at March 31, 2011
2) RESERVE AND SURPLUS		
Security Premium Account		
Opening Balance	6,040.69	-
Add:(Previous year: 8100004 equity share Public offer at premium of Rs. 88 each)	-	7,128.00
Less : (Previous Year : Public issue expenses)	-	1,087.31
Closing Balance	6,040.69	6,040.69
General Reserve		
Opening Balance	280.40	130.40
Add: Transfer from Profit and Loss Account	150.00	150.00
Closing Balance	430.40	280.40
Profit & Loss Account		
Opening Balance	940.08	304.92
Add : Profit for the year	1,644.67	1,014.04
Less : Appropriations	2,584.75	1,318.96
Proposed Dividend on Equity Shares (Rs. 1.25 per share) (Previous Year Rs 1 per share)	245.35	196.28
Tax on Dividend	39.80	32.60
Transferred to General Reserve	150.00	150.00
Closing Balance	2,149.60	940.08
	8,620.69	7,261.17

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

	As at March 31, 2012				As at March 31, 2011			
3) BORROWINGS	Long Term	Current maturities of Long-term*	Short Term	Total	Long Term	Current maturities of Long-term*	Short Term	Total
Secured Borrowings								
(a) Bonds / Debentures	-	-	-	-	-	-	-	-
(b) Term Loans								
1) From Banks	467.66	387.50	-	855.16	796.85	202.50	-	999.35
2) From Financial Institutions & Others	-	-	-	-	-	-	-	-
c) Repayable on Demand								
1) From Banks	-	-	6,916.70	6,916.70	-	-	2,987.13	2,987.13
2) From Financial Institutions & Others	-	-	-	-	-	-	-	-
TOTAL SECURED BORROWINGS	467.66	387.50	6,916.70	7,771.86	796.85	202.50	2,987.13	3,986.48
Unsecured Borrowings								
a) Short Term Loan from Financial Institutions	-	30.39	-	30.39	30.44	215.97	121.73	368.14
b) Loans from Directors	-	-	-	-	-	-	181.02	181.02
TOTAL UNSECURED BORROWINGS	-	-	-	30.39	30.44	215.97	302.75	549.16
Total	467.66	417.89	6,916.70	7,802.25	827.29	418.47	3,289.88	4,535.64

Notes:

1. Term loans

a) 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 in Maharashtra "

b) Personal guarantee of the promoter directors of the company

2. Working Capital Loans

a) From Banks were secured by way of hypothecation of stock 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 B-34, plot No. F -10/1, MIDC, Badlapur, Dist : Thane in Maharashtra "

b) Personal guarantee of the promoter directors of the company

3. Secured Borrowings from banks, repayable on demand, includes Buyers Credit of Rs 2,795.73 lakh (Previous year : Rs Nil)

4. Other loans are repayable on demand.

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

6. Term Loan Repayment Schedule

Repayable within	Term Loan 1	Term Loan 2	Term Loan 3	Total
1 Year	136.25	66.25	185.00	387.50
1-2 Years	136.25	66.25	185.00	387.50
2-3 Years	-	-	80.16	80.16
Total	272.50	132.50	450.16	855.16

Financial Statement

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

Particulars	As at March 31, 2012	As at March 31, 2011
4) DEFERRED TAX		
Deferred Tax Assets/Liability		
Deferred Tax Liabilities:		
On account of difference between net book value of the capital assets as per books vis-à-vis written down value as per Income Tax Act	439.53	232.61
Deferred Tax Assets:		
On account of gratuity	61.18	41.41
Net Difference	378.35	191.20
Tax Rate in%	32.45	33.99
Net Deferred Tax (Assets)/Liabilities	122.76	64.99
5) LONG TERM PROVISIONS		
Provision for Gratuity	102.59	41.41
Total	102.59	41.41
6) TRADE PAYABLES		
Creditors for goods	2,403.87	1,861.83
Creditors for expenses	122.43	297.51
Total	2,526.30	2,159.34
7) OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Refer Note 3)	417.89	418.47
Interest accrued but not due on borrowings	17.41	3.23
Advances received from customers	24.69	133.14
Unclaimed dividend	0.19	-
Creditors for capital goods	182.21	35.62
Statutory liabilities	15.73	8.57
Total	658.11	599.03
<p>1)The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures as required under Schedule 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</p> <p>2)The Company has not received the required information from suppliers regarding their status under the Small Scale Industries Act and hence disclosures as required under Schedule VI of the Companies Act, 1956 relating to amounts unpaid as at the yearend together with interest paid/ payable, etc., have not been made</p>		
8) SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Provident fund	3.86	2.09
Others Provisions		
Proposed Dividend	245.35	196.28
Tax on proposed Dividend	39.80	42.18
Provision for Taxation (Net)	-	803.70
Total	289.01	1,044.25

NOTE 09 - FIXED ASSETS

(Rs in Lakhs.)

Sr. No.	Description of the Assets	Rate of Depreciation	GROSS BLOCK			DEPRECIATION				NET BLOCK		
			Cost as on 01.04.11	Additions during the year	Deduction	Cost as on 31.03.2012	Upto 01.04.2011	For the year	Deduction	Upto 31.03.2012	WDV as on 31.03.2012	WDV as on 31.03.2011
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Tangible Assets											
1	Leasehold Land	-----	245.79	248.93	-	494.72	10.57	16.50	-	27.07	467.65	235.22
2	Factory Building	10.00%	681.78	356.91	-	1,038.69	130.47	88.74	-	219.21	819.49	551.31
3	Residential Premises	5.00%	-	53.17	-	53.17	-	1.17	-	1.17	52.00	-
4	Plant & Machinery (R&D)	13.91%	271.54	235.07	-	506.61	29.71	55.69	-	85.40	421.21	241.83
5	Plant & Machinery	20.87%	1,071.32	1,088.08	-	2,159.40	246.04	346.00	-	592.04	1,567.36	825.28
6	Electrical Installation	13.91%	171.47	62.48	-	233.95	12.16	29.36	-	41.52	192.43	159.31
7	Furniture & Fixture	18.10%	21.24	51.33	-	72.57	9.71	9.22	-	18.93	53.64	11.53
8	Office Equipments	13.91%	17.15	21.50	-	38.65	5.53	3.88	-	9.41	29.23	11.62
9	Computer	40.00%	27.37	8.86	-	36.23	14.51	7.52	-	22.03	14.20	12.86
10	Motor Car and Cycle	25.89%	16.96	3.76	-	20.72	10.68	1.87	-	12.55	8.17	6.28
11	Assets less than Rs 5,000/-	100.00%	-	1.34	-	1.34	-	1.34	-	1.34	-	-
	Sub total (A)		2,524.62	2,131.43	-	4,656.05	469.38	561.28	-	1,030.66	3,625.38	2,055.24
	Intangible Assets											
12	Patent Fees	10.00%	-	4.30	-	4.30	-	0.81	-	0.81	3.49	-
	Sub total (B)		-	4.30	-	4.30	-	0.81	-	0.81	3.49	-
	Capital Work in Progress											
13	Intangible		3.78	18.23	4.3	17.71	-	-	-	-	17.71	3.78
14	Tangible		1,755.55	2,984.09	1,692.09	3,047.55	-	-	-	-	3,047.55	1,755.55
	Sub total (C)		1,759.33	3,002.32	1,696.39	3,065.26	-	-	-	-	3,065.26	1,759.33
	GRAND TOTAL (A+B+C)	Rupees	4,283.95	5,138.05	1,696.39	7,725.61	469.38	562.09	-	1,031.47	6,694.13	3,814.57
	Previous Year	Rupees	[1,896.73]	[2,387.22]	-	[4,283.95]	[278.52]	[190.86]	-	[469.38]	[3,814.57]	[1,618.21]

Financial Statement

[Rupees in lakh, except for share data if otherwise stated]

Particulars		As at March 31, 2012	As at March 31, 2011
10) NON CURRENT INVESTMENTS			
Investments in subsidiaries (Fully paid up, Trade, Unquoted)			
	No of Shares	Rs.	Rs.
Rishichem Research Ltd (Face Value Rs. 10/- per share)	53994	130.10	130.10
Desh Chemicals Co Pvt Ltd (Face Value Rs. 100/- per share)	4950	71.11	-
Urdhwa Chemicals Company Pvt Ltd(Face Value Rs 100/- per share)	4440	4.44	-
Sub total (a)		205.65	130.10
Investment in Mutual Fund (Fully paid up, Non Trade, Quoted)			
	No of Units		
Baroda Pioneer Mutual fund (Face Value Rs 10/- per unit)	100000	10.00	10.00
Less : Diminution in Value of Investment "[(Market Value as on March 31, 2012 Rs 6.43 lakh) (Previous year Rs 8.98 Lakh)]"		3.57	1.02
Sub total (b)		6.43	8.98
Total (a+b)		212.08	139.08
11) LONG TERM LOANS AND ADVANCES (Unsecured, Considered Good)			
Capital Advances		-	-
Deposits		24.34	16.54
Loans and Advances to Subsidiaries			
Urdhwa Chemicals Co Private Limited		930.11	85.47
Desh Chemicals Private Limited		43.84	-
Total		998.29	102.01
12) INVENTORIES			
Stores and spare parts		5.07	4.53
Raw materials		1,303.29	986.20
Raw materials in transit		783.77	-
Work-in-progress		2,831.42	1,822.18
Finished products		342.70	194.84
Total		5,266.25	3,007.75
The value of the closing stock of raw materials, packing material, stores, work in process and finished goods have been arrived at, on the basis of the records maintained and certified by the management.			
13) TRADE RECEIVABLES (Unsecured and Considered Good)			
More than six months		181.00	198.2
Others		3,667.52	2523.24
		3,848.52	2,721.44
14) CASH AND BANK BALANCES			
Cash and Cash Equivalents			
Balance with Banks		241.59	1339.13
Cash on hand		2.30	0.86
In Earmarked Accounts *		0.19	-
Held as Margin Money		386.88	261.22
Fixed deposits with Banks#		2,509.42	2520.2
		3,140.36	4,121.41

* Earmarked balance with banks is for unclaimed dividend of the previous year.

Fixed Deposits with banks are with maturity of not more than twelve months.

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

Particulars	As at March 31, 2012	As at March 31, 2011
15) SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good)		
Staff Advance	0.11	0.78
Advances to suppliers	57.40	293.16
Deposits	0.50	0.80
Share Application Money Given	350.00	-
Capital Advance	-	2,032.82
Total	408.01	2,327.56
16) OTHER CURRENT ASSETS		
Prepaid Expenses	85.00	18.18
Income Tax (Net)	24.59	624.00
Other Taxes and Duties	989.40	374.16
Total	1,098.98	1,016.34
Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
17) REVENUE FROM OPERATION		
Sale of Products		
Domestic Sales	14,707.94	10,020.10
Exports Sales	2,608.00	1,148.19
Sales (Gross)	17,315.94	11,168.29
Less : Excise Duties	999.85	761.44
Sales (Net)	16,316.09	10,406.85
Sale of Services		
Job work Charges	378.71	269.15
Net Sales & Services	16,694.80	10,676.00
Segment Reporting		
The principal business of the company is manufacturing and sale of chemicals. All other activities of the company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard-17 as notified by the Companies (Accounting Standards) Rules, 2006.		
18) OTHER INCOME		
Interest Income	317.75	42.31
Duty drawback receivable	35.59	2.27
Sale of sample	0.98	1.21
Miscellaneous receipts	15.54	-
Commision received	-	7.67
Total	369.86	53.46
19) COST OF MATERIAL CONSUMED		
Opening Stock of Raw materials	986.20	629.43
Add : Purchases	11,874.19	7,525.67
Less : Closing Stock of Raw Materials	2,087.06	986.20
Total	10,773.33	7,168.90

Financial Statement

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
20) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Opening Inventories :		
Finished products	194.84	150.38
Work- in-progress	1,822.18	1,168.37
	2,017.02	1,318.75
Closing Inventories :		
Finished products	342.70	194.84
Work- in-progress	2,831.42	1,822.18
	3,174.12	2,017.02
Total	(1,157.10)	(698.27)
Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
21) EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages & Other Benefits	595.17	295.13
Contribution to Provident and Other Funds	23.29	12.71
Workmen and staff welfare expenses	19.88	12.87
Total	638.34	320.71
Note: Salaries, Wages & Other Benefits, recognised as expense for the year is as under :		
Salaries and Wages	237.86	150.11
Directors Remuneration	88.00	40.86
Bonus, Gratuity and other incentives	74.14	21.56
Employers Contribution to ESIC	2.83	2.33
Contribution to Labour Welfare Fund	0.07	0.05
Contract Labour Charges	206.49	115.53
	609.39	330.44
Less: Project Development Expenditure Capitalised	14.22	35.31
Total	595.17	295.13

Employee benefits

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

21.1) Past Service Cost Recognised

	For the year ended March 31, 2012	For the year ended March 31, 2011
Past Service Cost-(non vested benefits)	0.00	1.52
Past Service Cost-(vested benefits)	0.00	6.90
Average remaining future service till vesting of benefits	0.00	3.00
Recognized Past Service Cost-non vested benefits	0.50	0.50
Recognized Past Service Cost -vested benefits	0.00	6.90
Unrecognised Past Service Cost -non vested benefits	0.00	1.01

(Rupees in Lakh)

21.2) Actuarial Gain/(loss) Recognised

	For the year ended March 31, 2012	For the year ended March 31, 2011
Actuarial gain/(Loss) for the period (Obligation)	(23.82)	6.09
Actuarial gain/(Loss) for the period (Plan Assets)	-	-
Total Gain/(Loss) for the period	(23.82)	6.09
Actuarial Gain/(Loss) recognized for the period	(23.82)	6.09
Unrecognised Actuarial Gain/(Loss) at the end of the period	-	-

21.3) Changes in the present value of obligation:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Present value of obligation at beginning of period	42.42	25.63
Add : Interest Cost	3.40	2.05
Add: Current Service Cost	33.46	12.42
Add; Past Service Cost	0.00	8.41
Less: Benefits paid	-	-
Add: Actuarial (gain)/loss on obligation	23.82	(6.09)
Present value of obligation at end of period	103.10	42.42

21.4) Changes in the Fair value of Plan Assets:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Fair value of Plan Assets at beginning of period	-	-
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 period	-	-

21.5) Amounts recognized in the balance sheet

	For the year ended March 31, 2012	For the year ended March 31, 2011
Present value of obligation at the end of the period	103.10	42.42
Less: Fair Value of Plan Assets at end of period	(103.10)	(42.42)
Funded Status	-	-
Unrecognized Past Service Cost	0.50	1.01
Net Asset/(Liability) recognized in the Balance Sheet	(102.60)	(41.41)

21.6) Expenses recognized in the profit and Loss account

	For the year ended March 31, 2012	For the year ended March 31, 2011
Current Service Cost	33.46	12.42
Add: Interest Cost	3.39	2.05
Add: Past Service Cost	0.51	7.39
Add: Net Actuarial (Gain)/Loss recognised	23.82	(6.09)
Expenses recognized in the Profit and loss Account	61.18	15.77

Financial Statement

(Rupees in Lakh)

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

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest/Discount Rate	0.08	0.08
Rate of increase in compensation	0.20	0.15
Rate of return (expected) on plan assets	N.A.	N.A.
Employee Attrition Rate (Past Service)	0 to 40 : 5%	0 to 40 : 5%

	For the year ended March 31, 2012	For the year ended March 31, 2011
22) FINANCE COST		
Interest Expenses *	756.27	350.04
Other Borrowing Costs	45.83	134.73
Applicable net gain/loss on foreign currency transactions and translation	42.42	42.85
	844.52	527.62
Less: Interest Capitalised	34.99	-
	809.53	527.62
* Interest Expenses includes :		
On loans for fixed periods from banks	142.58	69.90
On cash credit and other facilities from banks	613.69	280.14
Total	756.27	350.04
23) OTHER EXPENSES		
Other Manufacturing Expenses		
Factory Electricity charge	82.75	36.62
Water Charges	11.99	8.15
Packing & Testing Charges	0.67	1.29
Laboratory Expenses	58.64	11.54
Consumable Stores	236.15	157.57
Processing Charges	250.07	186.49
Repairs & Maintenance- Building	63.65	40.75
Repairs & Maintenance - Machinery	34.92	19.41
Central Excise Duty	3.81	26.21
Freight Inward	94.80	54.86
Sundry Factory Expenses	7.12	1.82
Sub Total (A)	844.56	544.71
Administrative, Selling and Distribution Expenses		
Sales Promotion Expenses	41.56	10.21
Commission on Sales	75.32	41.35
Conveyance & Travelling Expenses	12.18	6.72
Freight & Transportation - Sales	43.13	25.60
Misc. Expenses	43.52	22.00
Dimunition in Value of Investment	2.55	1.02
Telephone/Telegram/Internet Charges	12.26	14.56
Repairs & Maintenance- Others	23.41	24.66
Insurance	17.25	16.36
Printing & Stationery	10.17	8.20
Professional Charges	152.43	30.41
Rates & Taxes	19.09	9.85
Payments to Auditors	5.51	4.20
Sub Total (B)	458.37	215.14
Total (A+B)	1,302.93	759.85

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
23.1) Payments to Auditors		
(a) As Auditor	2.50	1.80
(b) For Taxation matter	1.20	1.20
(c) For Company law matters	-	-
(d) For management services	1.20	1.20
(e) For other services	0.60	-
(f) For reimbursement of expenses	0.01	-
Total	5.51	4.20

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Raw Material		
Imported	6432.66	2,967.10
Percentage	59.71%	36.37%
Indigenous	4340.67	5,190.53
Percentage	40.29%	63.63%
Total	10773.33	8,157.63
Percentage	100.00%	100.00%
Consumable Stores		
Imported	-	-
Percentage	-	-
Indigenous	236.15	157.57
Percentage	100.00%	100.00%
Total	236.15	157.57
Percentage	100.00%	100.00%

23.3) Earnings and Expenditure in Foreign Currency :

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Earnings in Foreign Exchange Value of Export (FOB)	2,575.76	1,226.57
Expenditure in Foreign Currency		
Purchase of Raw Material	5,234.71	2,548.73
Capital Expenditure	24.38	29.30
Other Expenses	22.62	21.97
Dividend remitted in foreign currency	-	-
Value of Import on CIF Basis		
Raw Material	7,410.04	2,685.96
Capital Goods	24.19	21.58

Financial Statement

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

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Profit attributable to Equity Shareholders	1,644.67	1,014.04
Weighted average number of Equity Shares:		
-Basic and Diluted	19628004	12748549
Earnings per Share (in Rs.)		
-Basic and Diluted	8.38	7.95

Basic Earnings Per Share are computed by dividing net profit after tax by weighted average no of equity shares. Since there are no dilutive potential equity shares, the diluted earnings per share are the same as basic earnings per share

25.1)Particulars of Sales and Stock of Finished goods:

Particulars	Opening Stock [Rs.]	Sales [Rs.]	Closing Stock [Rs.]
Iodine Compounds	138.76 <i>109.76</i>	9256.95 <i>5287.97</i>	254.75 <i>138.76</i>
Selenium Compounds	30.79 <i>7.81</i>	3068.15 <i>2709.34</i>	69.12 <i>30.79</i>
Molybdenum Compounds	4.85 <i>11.58</i>	794.64 <i>677.31</i>	0.86 <i>4.85</i>
Others	20.44 <i>21.21</i>	1032.80 <i>546.43</i>	17.97 <i>20.44</i>
Total	194.84 <i>150.36</i>	14152.54 <i>9221.05</i>	342.70 <i>194.84</i>

The figures in italics pertains to previous year

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

Particulars	Goods Traded [Rs.]	Job work Charges [Rs.]
Iodine Compounds	329.19 <i>161.63</i>	- 0.31
Selenium Compounds	- <i>16.00</i>	258.58 <i>266.15</i>
Others	1834.37 <i>1008.17</i>	120.12 <i>2.69</i>
Total	2163.56 <i>1185.80</i>	378.7 <i>269.15</i>

The figures in italics pertains to previous year

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

25.3) Particulars of Work in Progress:

Particulars	Opening Stock (Value)	Closing Stock (Value)
Iodine Compounds	298.71 <i>276.92</i>	452.09 <i>298.71</i>
Selenium Compounds	1258.86 <i>677.4</i>	2236.55 <i>1258.86</i>
Molybdenum Compounds	90.05 <i>77.63</i>	47.49 <i>90.05</i>
Others	174.56 <i>136.42</i>	95.29 <i>174.56</i>
Total	1822.18 <i>1168.37</i>	2831.42 <i>1822.18</i>

The figures in italics pertains to previous year

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

Particulars	Opening Stock (Value)	Purchase(Value)	Consumption (Value)	Closing Stock (Value)
Crude iodine	103.51 <i>213.91</i>	7330.45 <i>2523.82</i>	6520.94 <i>2634.22</i>	913.02 <i>103.51</i>
Selenium Metal Powder	624.03 <i>84.31</i>	1881.47 <i>2044.99</i>	2129.62 <i>1505.26</i>	375.88 <i>624.03</i>
Others	258.66 <i>331.21</i>	4480.23 <i>3945.59</i>	3940.73 <i>4018.15</i>	798.16 <i>258.66</i>
Total	986.20 <i>629.43</i>	13692.15 <i>8514.40</i>	12591.29 <i>8157.63</i>	2087.06 <i>986.20</i>

The figures in italics pertains to previous year

* above consumptions also includes cost of goods traded

Financial Statement

26) Related party Transactions

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

Party	Relationship
Mr. Pravin.S. Herlekar	Director – Key Management Personnel
Mr. Omkar P. Herlekar	Director – Key Management Personnel
Rishichem Research Limited Desh Chemicals Private Limited Urdhwa Chemicals Company Private Limited	Subsidiary - Common Control Exists

Nature of Transaction	Relationship	As on March 31, 2012	As on March 31, 2011
1) Directors Remuneration/Salary	Key Management Personnel	72 .00	40.86
2) Processing Charges paid	Subsidiary		
Rishichem Research Limited	Opening Balance Receivable (Payable) Processing Charges payable Received during the period Paid during the year Receivable/(Payable) during the period	(23.89) (57.78) Nil 47.40 (34.27)	(18.50) (37.31) Nil 31.92 (23.89)
3) Purchase of Goods Desh Chemicals Private Limited	Opening Balance Receivable(Payable) Purchase of Goods Paid during the year Receivable/(Payable) during the period	Nil (0.56) 0.56 Nil	Nil Nil Nil Nil
Nature of Transaction 4) Loans and Advances Given during the year Desh Chemicals Private Limited	Opening Balance Given During the period Received During the year Closing Balance	Nil 43.83 Nil 43.83	Nil Nil Nil Nil
Urdhwa Chemicals Company Private Limited	Opening Balance Given During the period Received During the year Closing Balance	Nil 877.76 Nil 877.76	Nil Nil Nil Nil
5) Share Application Money Urdhwa Chemicals Company Private Limited	Opening Balance Given During the period Received During the year Closing Balance	Nil 350.00 Nil 350.00	Nil Nil Nil Nil
6) Loan Interest Urdhwa Chemicals Company Private Limited	Received During the year	52.35	Nil

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

27) CONTINGENT LIABILITIES AND COMMITMENTS :

i. Contingent Liabilities :

Claims against the company not acknowledged as debt : Rs Nil

(Previous year : Rs Nil)

The company has given guarantee to the bank on behalf of its Wholly Owned Subsidiary, Urdhwa Chemical Co Pvt Limited of Rs 21 crores. (Previous year Rs Nil)

ii. Commitments :

Particulars	As on March 31, 2012	As on March 31, 2011
Letter of Credit	2,058.29	1,596.25
Estimated Amount of Contracts remaining to be executed on capital account	1,087.18	2,213.16
Total	3,145.47	3,809.41

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.

As per our report of even date
For J.P.J. Associates
Chartered Accountants
Firm Registration No. 113012W

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman and Managing Director)

Omkar Herlekar
(Whole Time Director)

CA Pravin Deshpande

Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

Swapnali Puranik
(Company Secretary)

AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD DIRECTORS OF OMKAR SPECIALITY CHEMICALS LIMITED

We have audited the attached Consolidated Balance Sheet of OMKAR SPECIALITY CHEMICALS LIMITED (the Company) and its subsidiaries (collectively referred to as "the Group") as at 31st March, 2012, and the Consolidated Statement of Profit and Loss and 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 and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs.120.45 Lacs as at 31st March, 2012, total revenue of Rs.58.10 Lacs and cash flows amounting to Rs.91.72 Lacs for the year then ended on 31st March, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
2. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, AS 23, Accounting for Investments in Associates in Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006.
3. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March 2012;
 - (b) in the case of the consolidated profit and loss account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

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

CA Pravin Deshpande
Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

Consolidated Financial Statement

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

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

	Note No.	As at March 31, 2012	As at 31st March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	1	1,962.80	1,962.80
Reserves and surplus	2	8,580.00	7,264.94
		10,542.80	9,227.74
Non Current Liabilities			
Minority Interest		0.07	0.07
Long-term borrowings	3	2,590.29	827.29
Deferred tax liabilities (Net)	4	108.90	66.02
Long - term provisions	5	105.93	41.41
		2,805.19	934.79
Current Liabilities			
Short-term borrowings	3	6,916.70	3,315.23
Trade payables	6	2,495.43	2,141.48
Other current liabilities	7	684.35	602.51
Short-term provisions	8	296.25	1,063.81
		10,392.73	7,123.03
TOTAL		23,740.72	17,285.56
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	9	3,656.91	2,176.84
Intangible Assets	9	283.04	-
Capital Work-in-Progress	9	5,951.77	1,755.55
Intangible Assets under Development	9	17.71	3.78
Non Current Investments	10	7.03	9.23
Long -term Loans and Advances	11	24.44	17.34
		9,940.90	3,962.74
Current Assets			
Inventories	12	5,266.25	3,015.00
Trade Receivables	13	3,863.46	2,723.70
Cash and Cash Equivalents	14	3,257.57	4,142.18
Short- term Loans and Advances	15	65.98	2,421.57
Other Current Assets	16	1,346.56	1,020.37
		13,799.82	13,322.82
TOTAL		23,740.72	17,285.56
Significant Accounting Policies Notes on Financial Statements	1 to 27		

As per our report of even date
For J.P.J. Associates
Chartered Accountants
Firm Registration No. 113012W

CA Pravin Deshpande
Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman and Managing Director)

Omkar Herlekar
(Whole Time Director)

Swapnali Puranik
(Company Secretary)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

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

	Note No.	As at March 31, 2012	As at March 31, 2011
INCOME			
Revenue from Operation	17	16,694.80	10,676.00
Other income	18	317.60	53.46
Total Revenue		17,012.40	10,729.46
EXPENDITURE			
Cost of Material Consumed	19	10,772.43	7,169.03
Purchase of stock in trade		1,817.96	988.73
Changes in inventories of Finished Goods, Work in progress and Stock in Trade	20	(1,156.34)	(698.27)
Employee benefits expense	21	659.02	336.39
Finance Costs	22	809.63	527.64
Depreciation and Amortization expense	9	565.84	193.64
Other Expenses	23	1,282.26	735.04
Total Expenditure		14,750.80	9,252.20
Profit before tax		2,261.60	1,477.26
Tax Expenses			
Previous year adjustments		2.71	-
Current Tax		613.82	437.00
Deferred Tax		45.06	21.98
Profit for the year (Before Minority Interest)		1,600.01	1,018.28
Less : Share of Profit of Minority Interest		0.01	0.01
Profit for the year		1,600.00	1,018.27
Earnings per equity share (in Rs)			
Basic & Diluted		8.15	7.99
Face Value of Equity Shares (in Rs)		10	10
Significant Accounting Policies Notes on Financial Statements	1 1 to 27		

As per our report of even date
For J.P.J. Associates
Chartered Accountants
Firm Registration No. 113012W

CA Pravin Deshpande
Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman and Managing Director)

Omkar Herlekar
(Whole Time Director)

Swapnali Puranik
(Company Secretary)

Consolidated Financial Statement

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

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

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	2,261.60	1,477.26
Adjustments for :		
Depreciation for the year	565.84	193.64
Pre- acquisition Profits of subsidiary	(0.68)	(0.68)
Share of Minority Interest Post Acquisition profits	(0.01)	(0.01)
Finance expenses	809.63	527.64
Interest Income	(265.40)	(42.31)
Dimunition in Value of Investment	2.55	-
Unrealised Foreign exchange gain	(25.59)	8.17
Operating Profit before working capital changes	3,347.94	2,163.71
Adjustments for :		
Trade and Other Receivables	(1,139.76)	(1,064.18)
Long -term Loans and Advances	(7.10)	173.90
Short- term Loans and Advances	2,355.59	(2,065.01)
Other Current Assets	(326.19)	(428.69)
Inventories	(2,251.25)	(1,066.82)
Trade and Other Payables	(355.60)	1,127.96
Due to Minority Interest	-	0.07
	(1,724.29)	(3,322.77)
Taxes Paid	(598.27)	(281.16)
Cash Generated from Operations	1,025.38	(1,440.22)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets(refer note 9)	(6,346.36)	(2,415.02)
Goodwill arising on Consolidation	(182.97)	(96.58)
Investments	2.20	(0.25)
Income from Interest received	265.40	42.31
Net Cash used in Investing Activities	(6,261.73)	(2,469.54)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

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

	For the year ended March 31, 2012	For the year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Short term Borrowings (Net)	3,601.47	1,305.97
Proceeds from Long term Borrowings (Net)	1,763.00	389.16
Increase/(Decrease) in Share Capital & Share premium	-	7,938.00
Public Issue & Brand Building Expenses	-	(1,087.31)
Interest/Finance Expenses	(809.63)	(527.64)
Dividend paid (including Dividend Distribution Tax)	(228.69)	-
Net Cash from Financing Activities	4,326.15	8,018.18
Net increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(910.21)	4,108.42
Cash and Cash equivalents at the beginning of the year	4,142.18	41.93
Exchange difference on translation of foreign currency cash and cash equivalents	25.59	(8.17)
Cash and Cash equivalents at the end of the year	3,257.57	4,142.18

Notes:

- Figures in brackets indicate outflows.
- Purchase of fixed assets include payments for items in capital work in progress.
- Cash and Cash equivalents represent Cash and Bank balances
- Cash and Cash equivalents includes Rs 386.88 lakhs held as Margin money pledged with the bank.
(Previous year Rs 261.22 lakhs)

As per our report of even date
For J.P.J. Associates
Chartered Accountants
Firm Registration No. 113012W

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman and Managing Director)

Omkar Herlekar
(Whole Time Director)

CA Pravin Deshpande
Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

Swapnali Puranik
(Company Secretary)

SIGNIFICANT ACCOUNTING POLICIES

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

1. 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.

2. PRINCIPLES OF CONSOLIDATION:

"The consolidated financial statements relate to Omkar Speciality Chemicals Limited (the Company) and its subsidiary companies Rishichem Research Limited, Desh Chemicals Private Limited and Urdhwa Chemicals Company Private 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%
Desh Chemicals Private Limited	India	100.00%
Urdhwa Chemicals Company Private Limited	India	100.00%

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."

3. 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.

4. FIXED ASSETS:

- 1.Fixed Assets are stated at cost of acquisition or construction (net of CENVAT/VAT credit availed) less accumulated depreciation/amortization and impairment loss, if any.
2. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

5. 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.

6. INVENTORIES:

1. Raw Material

The company is valuing raw material, packing material and stores & Spares 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, packing material and stores & Spares. In determining the cost the First In First Out (FIFO) method is used.

2. Finished Goods and Work in process

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

7. REVENUE RECOGNITION:

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

8. INVESTMENTS:

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

9. EXPORT BENEFITS:

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

10. EXCISE DUTY/CUSTOM DUTY:

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

11. DEPRECIATION AND AMORTIZATION :

1. Intangible Assets :

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

Computer Software is depreciated at the rate specified in Schedule XIV of the Companies Act, 1956.

2. Tangible Assets:

Depreciation on all fixed assets is provided as per the provisions of Companies Act, 1956 on Written Down Value Method. Depreciation is calculated on pro-rata basis from month of installation till the month of the assets are sold/ disposed off.

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

12. EMPLOYEE BENEFITS:

1. Short Term Employee Benefits:

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

2. Provision for Gratuity is made and provided on actuarial valuation basis.
Other retirement benefits are accounted as per company's policy.

13. TAXES ON INCOME

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

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

14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

15. BORROWING COST:

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

16. IMPAIRMENT OF ASSETS:

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

17. RESEARCH AND DEVELOPMENT COSTS:

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

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

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

18. LOANS AND ADVANCES:

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

19. SECURITY PREMIUM ACCOUNT:

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

20. CHANGES IN ACCOUNTING POLICIES :

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

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

	As at March 31, 2012	As at March 31, 2011
1) SHARE CAPITAL		
AUTHORISED CAPITAL		
25000000 Equity Shares of Rs.10/- each.	2,500.00	2,500.00
Issues, Subscribed and Paid up:		
19628004 Equity Shares of Rs 10/- each, Fully paid Up	1,962.80	1,962.80
Total	1,962.80	1,962.80
The Movements of Share capital is set out below:		
Authorised	As at March 31, 2012	As at March 31, 2011
	No. of Share	No. of Share
Authorised Share Capital at the beginning of the Year	25000000	1,500,000
Increased during the year		1,000,000
Authorised Share Capital at the end of the year	25000000	2,500,000
Issued, Subscribed and Paid up capital		
At the beginning of the year	19628004	1,152,800
Share issued during the year	-	-
		8,100,004
At the end of the Year	19628004	9,252,804
*- Face value Rs 100/- (Refer explanation in Point 3 below)		
SHARE HOLDING IN EXCESS OF 5%	As at March 31, 2012	As at March 31, 2011
	No. of Share	No. of Share
Pravin Herlekar	9,335,294	9,144,480
Anjali Herlekar	1,208,240	1,208,240
TAIB Securities Mauritius Limited	1,158,817	1,158,817
Axis Bank Limited	1,020,360	1,020,360
Total	12,722,711	12,531,897

Notes:

of the above equity shares:-

- 25100 Equity shares of Rs. 100/- each have been issued for consideration other than cash
- Nil Equity shares of Rs.100/- each have been allotted as fully paid -up by way of bonus shares by way of capitalization of Profits & Security Premium A/c
- Nominal value of Rs 100/- per Equity Share sub-divided into Rs 10/- per Equity Share during the previous year 2010-11.
- During the previous year 8100004 Equity shares of Rs. 10/- each were issued at premium of Rs. 88/- each by public offer.

Consolidated Financial Statement

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

	As at March 31, 2012	As at March 31, 2011
2) RESERVE AND SURPLUS		
Security Premium Account		
Opening Balance	6,040.69	-
Add:(Previous year: 8100004 equity share Public offer at premium of Rs. 88 each)	-	7,128.00
Less : (Previous Year : Public issue expenses)	-	1,087.31
Closing Balance	6,040.69	6,040.69
General Reserve		
Opening Balance	280.40	130.40
Add: Transfer from Profit and Loss Account	150.00	150.00
Closing Balance	430.40	280.40
Profit & Loss Account		
Opening Balance	943.85	304.92
Add : Profit for the year	1,644.66	1,014.04
Add: Share of Profit of Subsidiaries	(44.45)	3.77
Less : Appropriations		
Less : Proposed Dividend (Rs. 1.25 per share) (Previous Year Rs 1 per share)	245.35	196.28
Less Tax on Dividend	39.80	32.60
Less Transfer to General Reserve	150.00	150.00
Closing Balance	2,108.91	943.85
Total	8,580.00	7,264.94

[Rupees in Lakhs, except for share data if otherwise stated]

	As at March 31, 2012				As at March 31, 2011			
3) BORROWINGS	Long Term	Current maturities of Long-term*	Short Term	Total	Long Term	Current maturities of Long-term*	Short Term	Total
Secured Borrowings								
(a) Bonds / Debentures	-	-	-	-	-	-	-	-
(b) Term Loans								
1) From Banks	467.66	387.50	-	855.16	796.85	202.50	-	999.35
2) From Financial Institutions & Others			-	-			-	-
c) Repayable on Demand								
1) From Banks	-	-	6,916.70	6,916.70	-	-	2,987.13	2,987.13
2) From Financial Institutions & Others	2,102.28	-	-	2,102.28	-	-	-	-
				-				-
TOTAL SECURED BORROWINGS	2,569.94	387.50	6,916.70	9,874.14	796.85	202.50	2,987.13	3,986.48
Unsecured Borrowings								
1) Short Term Loan from Financial Institutions	-	30.39	-	30.39	30.44	215.97	121.73	368.14
2) Loans from Directors	20.35	-	-	20.35	-	-	206.37	206.37
TOTAL UNSECURED BORROWINGS	20.35	30.39	-	50.74	30.44	215.97	328.10	574.51
TOTAL BORROWINGS	2,590.29	417.89	6,916.70	9,924.88	827.29	418.47	3,315.23	4,560.99

Notes:

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 in Maharashtra
b) Personal guarantee of the promoter 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 in Maharashtra
b) Personal guarantee of the promoter directors of the company
3. Secured Borrowings from banks, repayable on demand, includes Buyers Credit of Rs 2,795.73 lakhs (Previous year : Rs Nil)
4. Other loans are repayable on demand.
5. * Current maturities of long term borrowings are considered in note no. 7- Other Current liabilities
6. Term Loan Repayment Schedule

Repayable within	Term Loan 1	Term Loan 2	Term Loan 3	Total
1 Year	136.25	66.25	185.00	387.50
1-2 Years	136.25	66.25	185.00	387.50
2-3 Years	-	-	80.16	80.16
Total	272.50	132.50	450.16	855.16

Consolidated Financial Statement

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

Particulars	As at March 31, 2012	As at March 31, 2011
4) DEFERRED TAX		
Deferred Tax Assets/Liability		
Deferred Tax Liabilities:		
On account of difference between net book value of the capital assets as per books vis-à-vis written down value as per Income Tax Act	447.03	235.27
Deferred Tax Assets:		
Interest payment to OSCL by Urdhwa	52.35	-
On account of gratuity	61.18	41.41
Net Difference	(333.50)	(193.86)
Net Deferred Tax (Assets)/Liabilities	108.90	66.02
5) LONG TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity	102.59	41.41
Provision for Taxation	3.34	-
Total	105.93	41.41
6) TRADE PAYABLES		
Creditors for goods	2,407.27	1,861.83
Creditors for expenses	88.16	279.65
Total	2,495.43	2,141.48
7) OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Refer Note 4)	417.89	418.47
Interest accrued but not due on borrowings	17.41	3.23
Advances received from customers	24.69	133.14
Unclaimed dividend	0.19	-
Creditors for capital goods	206.75	36.74
Statutory liabilities	17.43	10.93
Total	684.35	602.51
<p>1)The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures as required under Schedule VI of the Companies Act, 1956 relating to amounts unpaid as at the yearend together with interest paid/ payable, etc., have not been made</p> <p>2)The Company has not received the required information from suppliers regarding their status under the Small Scale Industries Act and hence disclosures as required under Schedule VI of the Companies Act, 1956 relating to amounts unpaid as at the yearend together with interest paid/ payable, etc., have not been made</p>		
8) SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Provident fund	3.86	2.09
Others Provisions		
Proposed Dividend	245.35	196.28
Tax on proposed Dividend	39.80	42.18
Provision for Taxation (Net)	0.17	823.26
Provision for Others	7.07	-
Total	296.25	1,063.81

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

OMKAR SPECIALITY CHEMICALS LIMITED													
NOTE 09 - FIXED ASSETS													
SR No.	Description of the Assets	Rate of Deprecia- tion	GROSS BLOCK			DEPRECIATION				NET BLOCK			
			Cost as on 01.04.11	Additions during the year	Deduction	Cost as on 31.03.2012	Upto 01.04.2011	For the year	Deduction	Upto 31.03.2012	WDV as on 31.03.2012	WDV as on 31.03.2011	
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
A	Tangible Assets												
1	Leasehold Land	-	247.55	248.93	-	496.48	10.57	16.50	-	27.07	469.41	236.98	
2	Factory Building	10.00%	698.86	356.91	-	1055.77	132.17	90.89	-	223.06	832.72	566.69	
3	Residential Premises	5.00%	-	53.17	-	53.17	-	1.17	-	1.17	52.00	-	
4	Plant & Machinery	20.87%	1074.60	1088.25	-	2162.85	246.35	346.85	-	593.20	1569.65	828.25	
5	Plant & Machinery (R&D)	13.91%	276.00	235.32		511.32	30.27	56.24	-	86.51	424.82	245.73	
6	Electrical Installation	13.91%	181.69	62.48	-	244.17	12.23	29.42	-	41.65	202.52	159.70	
7	Furniture & Fixture	18.10%	21.71	51.33	-	73.04	9.80	9.29	-	19.09	53.95	11.91	
8	Office Equipments	13.91%	17.37	21.50	-	38.87	5.56	3.91	-	9.47	29.40	11.81	
9	Computer	40.00%	27.44	8.86		36.30	14.53	7.54	-	22.07	14.23	12.91	
10	Motor Car and Cycle	25.89%	16.96	3.82	-	20.78	10.68	1.88	-	12.56	8.22	6.28	
11	Assets less than Rs 5,000/-	100.00%	-	1.34		1.34	-	1.34	-	1.34	-	-	
	Sub total (A)		2562.18	2131.91	-	4694.09	472.16	565.03	-	1037.18	3656.91	2080.26	
B	Intangible Assets												
1	Patent Fees	10.00%	-	4.30	-	4.30	-	0.81	-	0.81	3.49	-	
2	Goodwill	-	96.58	182.97	-	279.55	-	-	-	-	279.55	96.58	
	Sub total (B)		96.58	187.27	-	283.85	-	0.81	-	0.81	283.04	96.58	
C	Capital Work in Progress												
1	Intangible		3.78	18.23	4.30	17.71	-	-	-	-	17.71	3.78	
2	Tangible		1755.55	5888.31	1692.09	5951.77	-	-	-	-	5951.77	1755.55	
	Sub total (C)		1759.33	5906.54	1696.39	5969.48	-	-	-	-	5969.48	1759.33	
	GRAND TOTAL(A+B+C)		4418.09	8225.72	1696.39	10947.42	472.16	565.84	-	1037.99	9909.43	3936.17	
	Previous Period		1896.73	4544.42	-	6441.15	278.52	193.64	-	472.16	5968.99	1618.21	

Consolidated Financial Statement

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

Particulars	March 31, 2012	March 31, 2011
10) NON CURRENT INVESTMENTS		
Investments in subsidiaries (Fully paid up, Trade, Unquoted)		
Baroda Pioneer Mutual fund	10.00	10.00
Less : Dimunition in Value of Investment	3.57	1.02
(Market Value as on 31st March 2012 Rs 6.43 lakhs)		
(Previous year Rs 8.98 Lakhs)		
Sub total (b)	6.43	8.98
Investment in Shares of Saraswat Bank Ltd (rishichem)	0.25	0.25
Investment in Shares of abhinav sahakari bank ltd (deshchem)	0.25	-
Investment in Shares of Saraswat Bank Ltd (Urdhwa)	0.10	-
Total (a+b)	7.03	9.23
11) LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Deposits	24.44	17.34
Total	24.44	17.34
12) INVENTORIES		
Stores and spare parts	5.07	4.53
Raw materials	1,303.29	993.45
Raw materials in transit	783.77	-
Work-in-progress	2,831.42	1,822.18
Finished products	342.70	194.84
Total	5,266.25	3,015.00
The value of the closing stock of raw materials, Packing Material, stores, work in process and finished goods has been arrived at on the basis of the records maintained and certified by the Management.		
13) TRADE RECEIVABLES		
(Unsecured and Considered Good)		
More than six months	195.94	260.73
Others	3,667.52	2462.97
	3,863.46	2,723.70
14) CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balance with Banks	358.06	1359.74
Cash on hand	3.02	1.02
In Earmarked Accounts *	0.19	-
Held as Margin Money	386.88	261.22
Fixed deposits with Banks#	2,509.42	2520.2
	3,257.57	4,142.18
* Earmarked balance with banks is for unclaimed dividend of the previous year. # Fixed Deposits with banks are with maturity of not more than twelve months.		

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

	March 31, 2012	March 31, 2011
15) SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good)		
Staff Advance	0.11	0.78
Advances to suppliers	65.25	293.16
Deposits	0.50	0.80
Other Loans and advances	0.12	2,126.83
Total	65.98	2,421.57
16) OTHER CURRENT ASSETS		
Prepaid Expenses	85.17	18.18
Income Tax (Net)	24.59	643.05
Other Taxes and Duties	1,236.80	359.14
Total	1,346.56	1,020.37

	For the year ended March 31, 2012	For the year ended March 31, 2011
17) REVENUE FROM OPERATION		
Sale of Products		
Domestic Sales	14,708.32	10,020.10
Exports Sales	2,608.00	1,148.19
Sales (Gross)	17,316.32	11,168.29
Less : Excise Duties	1,000.23	761.44
Sales (Net)	16,316.09	10,406.85
Sale of Services		
Job work Charges	378.71	269.15
Net Sales & Services	16,694.80	10,676.00
Segment Reporting "The Principal business of the company is manufacturing and sale of chemicals. All other activities of the company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard -17 as notified by the Companies (Accounting Standards) Rules, 2006."		
18) OTHER INCOME		
Interest Income	265.40	42.31
Duty Drawback receivable	35.59	2.27
Sale of sample	0.99	1.21
Miscellaneous receipts	15.54	-
Commission received	0.08	7.67
Total	317.60	53.46
19) COST OF MATERIAL CONSUMED		
Opening Stock of Raw materials	993.45	636.68
Add : Purchases	11,866.04	7,525.80
Less : Closing Stock of Raw Materials	2,087.06	993.45
Total	10,772.43	7,169.03

Consolidated Financial Statement

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

	For the year ended March 31, 2012	For the year ended March 31, 2011
20) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Opening Inventories :		
Finished products	195.60	150.38
Work- in-progress	1,822.18	1,168.37
	2,017.78	1,318.75
Closing Inventories :		
Finished products	342.70	194.84
Work- in-progress	2,831.42	1,822.18
	3,174.12	2,017.02
Total	(1,156.34)	(698.27)
21) EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages & Other Benefits	615.69	310.49
Contribution to Provident and Other Funds	23.29	12.71
Workmen and staff welfare expenses	20.04	13.19
	659.02	336.39
Note: Salaries, Wages & Other Benefits, recognised as expense for the year is as under :		
Salaries and Wages	246.73	156.76
Directors Remuneration	88.42	40.86
Bonus, Gratuity and other incentives	74.14	21.71
Employers Contribution to ESIC	2.91	2.42
Contribution to Labour Welfare Fund	0.07	0.05
Contract Labour Charges	217.64	124.00
	629.91	345.80
Less: Project Development Expenditure Capitalised	14.22	35.31
Total	615.69	310.49

Employee benefits

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

21.1) Past Service Cost Recognised

	For the year ended March 31, 2012	For the year ended March 31, 2011
Past Service Cost-(non vested benefits)	0.00	1.52
Past Service Cost-(vested benefits)	0.00	6.90
Average remaining future service till vesting of benefits	0.00	3.00
Recognized Past Service Cost-non vested benefits	0.50	0.50
Recognized Past Service Cost -vested benefits	0.00	6.90
Unrecognised Past Service Cost -non vested benefits	0.00	1.01

21.2) Actuarial Gain/(loss) Recognised

	For the year ended March 31, 2012	For the year ended March 31, 2011
Actuarial gain/(Loss) for the period (Obligation)	(23.82)	6.09
Actuarial gain/(Loss) for the period (Plan Assets)	-	-
Total Gain/(Loss) for the period	(23.82)	6.09
Actuarial Gain/(Loss) recognized for the period	(23.82)	6.09
Unrecognised Actuarial Gain/(Loss) at the end of the period	-	-

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

21.3) Changes in the present value of obligation:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Present value of obligation at beginning of period	42.42	25.63
Add : Interest Cost	3.40	2.05
Add: Current Service Cost	33.46	12.42
Add; Past Service Cost	0.00	8.41
Less: Benefits paid	-	-
Add: Actuarial (gain)/loss on obligation	23.82	(6.09)
Present value of obligation at end of period	103.10	42.42

21.4) Changes in the Fair value of Plan Assets:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Fair value of Plan Assets at beginning of period	-	-
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 period	-	-

21.5) Amounts recognized in the balance sheet

	For the year ended March 31, 2012	For the year ended March 31, 2011
Present value of obligation at the end of the period	103.10	42.42
Less: Fair Value of Plan Assets at end of period	(103.10)	(42.42)
Funded Status		
Unrecognized Past Service Cost	0.50	1.01
Net Asset/(Liability) recognized in the Balance Sheet	(102.60)	(41.41)

21.6) Expenses recognized in the profit and Loss account

	For the year ended March 31, 2012	For the year ended March 31, 2011
Current Service Cost	33.46	12.42
Add: Interest Cost	3.39	2.05
Add: Past Service Cost	0.51	7.39
Add: Net Actuarial (Gain)/Loss recognised	23.82	(6.09)
Expenses recognized in the Profit and loss Account	61.18	15.77

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

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest/Discount Rate	0.08	0.08
Rate of increase in compensation	0.20	0.15
Rate of return (expected) on plan assets	N.A.	N.A.
Employee Attrition Rate (Past Service)	0 to 40 : 5%	0 to 40 : 5%

Consolidated Financial Statement

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
22) FINANCE COST		
Interest Expenses *	756.27	350.06
Other Borrowing Costs	45.93	134.73
Applicable net gain/loss on foreign currency transactions and translation	42.42	42.85
	844.62	527.64
Less: Interest Capitalised	34.99	-
Total	809.63	527.64
* Interest Expenses includes :		
On loans for fixed periods from banks	142.58	69.90
On cash credit and other facilities from banks	613.69	280.16
	756.27	350.06
23) OTHER EXPENSES		
Other Manufacturing Expenses		
Central Excise Duty	3.81	26.21
Factory Electricity charge	87.95	39.13
Water Charges	12.37	8.57
Packing & Testing Charges	0.67	1.28
Laboratory Expenses	62.92	14.20
Consumable Stores	237.98	158.69
Processing Charges	200.16	149.17
Repairs & Maintenance- Building	67.88	-
Repairs & Maintenance - Machinery	34.92	63.01
Freight Inward	94.80	54.86
Sundry Factory Expenses	7.85	2.14
Sub Total (A)	811.30	517.26
Administrative, Selling and Distribution Expenses		
Sales Promotion Expenses	41.56	10.21
Commission on Sales	75.32	41.35
Conveyance & Travelling Expenses	12.44	6.88
Freight & Transportation - Sales	43.13	25.61
MVAT	1.48	-
Midc. Expenses	3.33	-
Security charges	1.35	-
Misc. Expenses	44.41	22.91
Dimunition in Value of Investment	2.55	1.02
Telephone/Telegram/Internet Charges	12.44	14.69
Repairs & Maintenance- Others	23.41	24.65
Insurance	17.44	16.54
Printing & Stationery	10.32	8.26
Professional Charges	153.94	30.99
Rates & Taxes	21.77	9.92
Auditors' Remuneration and out of pocket expenses	-	-
(a) As Auditor	3.05	2.35
(b) For Taxation matter	1.20	1.20
(c) For Company law matters	-	-
(d) For management services	1.20	1.20
(e) For other services	0.60	-
(f)For reimbursement of expenses	0.01	-
Sub Total (B)	470.95	217.78
Total (A+B)	1,282.26	735.04

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
23.1) Payments to Auditors		
(a) As Auditor	3.05	2.35
(b) For Taxation matter	1.20	1.20
(c) For Company law matters	-	-
(d) For management services	1.20	1.20
(e) For other services	0.60	-
(f) For reimbursement of expenses	0.01	-
Total	6.06	4.75

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Raw Material		
Imported	6432.66	2,967.10
Percentage	59.71%	36.37%
Indigenous	4340.77	4,201.93
Percentage	40.29%	63.63%
TOTAL	10773.43	7169.03
Percentage	100.00%	100.00%
Consumable Stores		
Imported	-	-
Percentage	-	-
Indigenous	236.15	157.57
Percentage	100.00%	100.00%
TOTAL	236.15	157.57
Percentage	100.00%	100.00%

23.3) Earnings and Expenditure in Foreign Currency :

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Earnings in Foreign Exchange Value of Export (FOB)	2,575.76	1,226.57
Expenditure in Foreign Currency		
Purchase of Raw Material	5,234.71	2,548.73
Capital Expenditure	24.38	29.30
Other Expenses	22.62	21.97
Dividend remitted in foreign currency	Nil	Nil
Value of Import on CIF Basis		
Raw Material	7,410.04	2,685.96
Capital Goods	24.19	21.58

Consolidated Financial Statement

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

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Net Profit after Tax (After adjustment of Minority Interest)	1,600.00	1,018.27
Weighted average number of Equity Shares:		
-Basic and Diluted	19628004	12748549
Earnings per Share (in Rs.)		
-Basic and Diluted	8.15	7.99

Basic Earnings Per Share are computed by dividing net profit after tax by weighted average no of equity shares. Since there are no dilutive potential equity shares, the diluted earnings per share are the same as basic earnings per share

25.1) Particulars of Sales and Stock of Finished goods:

Particulars	Opening Stock (Value)	Sales (Value)	Closing Stock (Value)
Iodine Compounds	138.76 <i>109.76</i>	9256.95 <i>5287.97</i>	254.75 <i>138.76</i>
Selenium Compounds	30.79 <i>7.81</i>	3068.15 <i>2709.34</i>	69.12 <i>30.79</i>
Molybdenum Compounds	4.85 <i>11.58</i>	794.64 <i>677.31</i>	0.86 <i>4.85</i>
Others	20.42 <i>21.21</i>	1032.80 <i>546.43</i>	17.97 <i>20.42</i>
Total	194.82 <i>150.36</i>	14152.54 <i>9221.05</i>	342.70 <i>194.82</i>

The figures in italics pertains to previous year

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

Particulars	Goods Traded (Value)	Job work Charges (Value)
Iodine Compounds	329.19 <i>161.63</i>	- <i>0.31</i>
Selenium Compounds	- <i>16.00</i>	258.58 <i>266.15</i>
Others	1834.37 <i>1008.17</i>	120.12 <i>2.69</i>
Total	2163.56 <i>1185.80</i>	378.7 <i>269.15</i>

The figures in italics pertains to previous year

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

25.3) Particulars of Work in Progress:

Particulars	Opening Stock (Value)	Closing Stock (Value)
Iodine Compounds	298.71 <i>276.92</i>	452.09 <i>298.71</i>
Selenium Compounds	1258.86 <i>677.4</i>	2236.55 <i>1258.86</i>
Molybdenum Compounds	90.05 <i>77.63</i>	47.49 <i>90.05</i>
Others	174.56 <i>136.42</i>	95.29 <i>174.56</i>
Total	1822.18 <i>1168.37</i>	2831.42 <i>1822.18</i>

The figures in italics pertains to previous year

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

Particulars	Opening Stock (Value)	Purchases (Value)	Consumption (Value)	Closing Stock (Value)
Crude iodine	103.51 <i>213.91</i>	7330.45 <i>2523.82</i>	6520.94 <i>2634.22</i>	913.02 <i>103.51</i>
Selenium Metal Powder	631.28 <i>91.56</i>	1874.22 <i>2044.98</i>	2129.62 <i>1505.26</i>	375.88 <i>631.28</i>
Others	258.66 <i>331.21</i>	4480.23 <i>3945.60</i>	3940.73 <i>4018.15</i>	798.16 <i>258.66</i>
Total	993.45 <i>636.68</i>	13684.90 <i>8514.40</i>	12591.29 <i>8157.63</i>	2087.06 <i>993.45</i>

The figures in italics pertains to previous year

* above consumptions also includes cost of goods traded

Consolidated Financial Statement

(Rupees in Lakhs)

26) Related party Transactions

Party	Relationship
Mr. Pravin.S. Herlekar	Director – Key Management Personnel
Mr. Omkar P. Herlekar	Director – Key Management Personnel
Rishichem Research Limited Desh Chemicals Private Limited Urdhwa Chemicals Company Private Limited	Subsidiary - Common Control Exists

Nature of Transaction	Relationship	As on March 31, 2012	As on March 31, 2011
1) Directors Remuneration/Salary	Key Management Personnel	72.00	40.86
2) Processing Charges paid	Subsidiary		
Rishichem Research Limited	Opening Balance Receivable(Payable)	(23.89)	(18.50)
	Processing Charges payable	(57.78)	(37.31)
	Received during the period	Nil	Nil
	Paid during the year	47.40	31.92
	Receivable/(Payable) during the period	(34.27)	(23.89)
3) Purchase of Goods			
Desh Chemicals Private Limited	Opening Balance Receivable(Payable)	Nil	Nil
	Purchase of Goods	(0.56)	Nil
	Paid during the year	0.56	Nil
	Receivable/(Payable) during the period	Nil	Nil
4) Loans and Advances Given during the year			
Desh Chemicals Private Limited	Opening Balance	Nil	Nil
	Given During the period	43.83	Nil
	Received During the year	Nil	Nil
	Closing Balance	43.83	Nil
Urdhwa Chemicals Company Private Limited	Opening Balance	Nil	Nil
	Given During the period	877.76	Nil
	Received During the year	Nil	Nil
	Closing Balance	877.76	Nil
5) Share Application Money			
Urdhwa Chemicals Company Private Limited	Opening Balance	Nil	Nil
	Given During the period	350.00	Nil
	Received During the year	Nil	Nil
	Closing Balance	350.00	Nil
6) Loan Interest			
Urdhwa Chemicals Company Private Limited	Received During the year	52.35	Nil

(Rupees in Lakhs)

27) CONTINGENT LIABILITIES AND COMMITMENTS :

i. Contingent Liabilities :

Claims against the company not acknowledged as debt : Rs Nil

(Previous year : Rs Nil)

The company has given guarantee to the bank on behalf of its Wholly Owned Subsidiary, Urdhwa Chemical Co Pvt Limited of Rs 21 crores. (Previous year Rs Nil)

ii. Commitments :

Particulars	As on March 31, 2012	As on March 31, 2011
Letter of Credit	2,058.29	1,596.25
Estimated Amount of Contracts remaining to be executed on capital account	1,087.18	2,213.16
Total	3,145.47	3,809.41

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.

As per our report of even date
For J.P.J. Associates
Chartered Accountants
Firm Registration No. 113012W

For and on behalf of the Board of Directors

Pravin Herlekar
(Chairman and Managing Director)

Omkar Herlekar
(Whole Time Director)

CA Pravin Deshpande

Partner
M.No. 045249
Place : Mumbai
Date : May 19, 2012

Swapnali Puranik
(Company Secretary)

Consolidated Financial Statement

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

ANNEXURE TO THE ACCOUNTS OF OMKAR SPECIALITY CHEMICALS LIMITED

Statement pursuant to Section 212 of the Companies Act, 1956
Relating to Subsidiary Companies

Name of the Subsidiary Company	Rishichem Research Limited	Desh Chemicals Private Limited	Urdhwa Chemicals Company Private Limited
Financial Period of the subsidiary company	31.03.2012	31.03.2012	31.03.2012
Date from which they became subsidiary	14.05.2010	15.6.2011	16.6.2011
Shares of the subsidiary held by the company as on 31st March, 2012			
a) Number & Face value	53894 equity shares of Rs.10/- each fully paid up	4950 equity shares of Rs. 100/- each fully paid up	4440 equity shares of Rs. 100/- each fully paid up
b) Extent of holding	99.82%	100.00%	100.00%
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 period ended 31st Mar, 2012	34.01 lakhs	(31.48) lakhs	(131.89) lakhs
2) up to the previous financial years of the subsidiary since it became subsidiary	31.9 lakhs	Nil	Nil
b) dealt with in the accounts of holding company			
1) for financial period ended 31st Mar, 2012	Nil	Nil	Nil
2) for previous financial years of the subsidiary since it became subsidiary of holding company	Nil	Nil	Nil
5) Changes in the interest of Omkar Speciality Chemicals Limited between the end of the financial period of the subsidiary and 31.03.2012			
a) Nos of shares	N.A	N.A	N.A
b) Extent of Holding	N.A	N.A	N.A
6) Material Changes between the end of the financial year of the subsidiary and 31st Mar.2012			
a)Fixed Assets	N.A	N.A	N.A
b) Money lent by subsidiary	N.A	N.A	N.A
c)money borrowed by subsidiary for any purpose other than that of meeting current liabilities	N.A	N.A	N.A

As per our report of even date
For J.P.J. Associates
Chartered Accountants
Firm Registration No. 113012W

CA Pravin Deshpande
Partner
M.No. 045249
Place : Mumbai
Date :May 19, 2012

For and on behalf of the Board of Directors

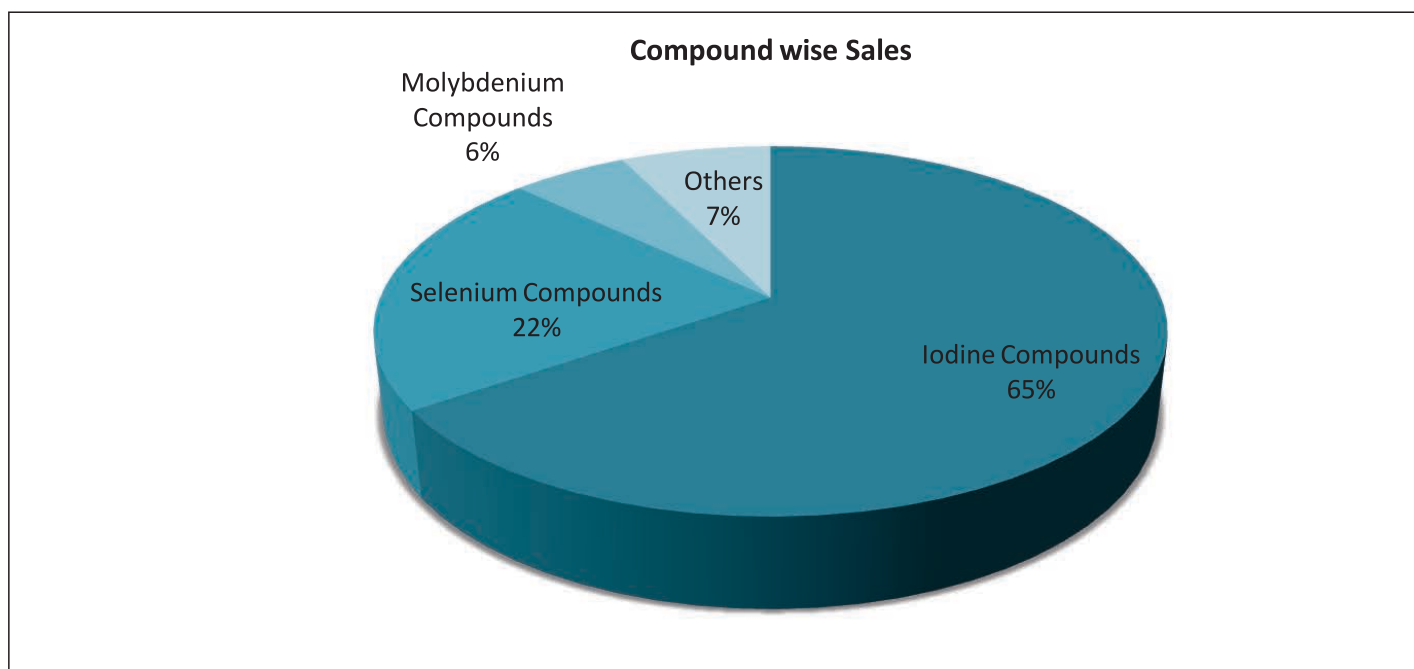
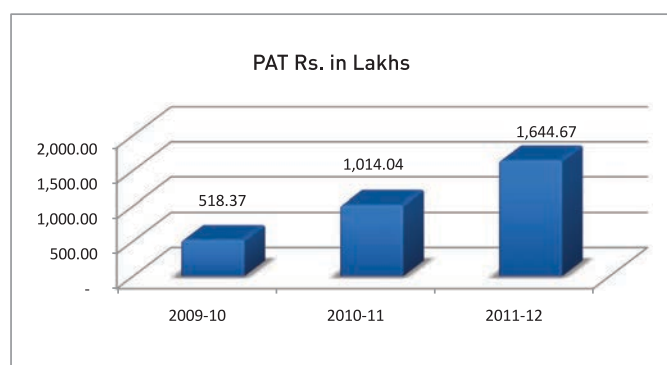
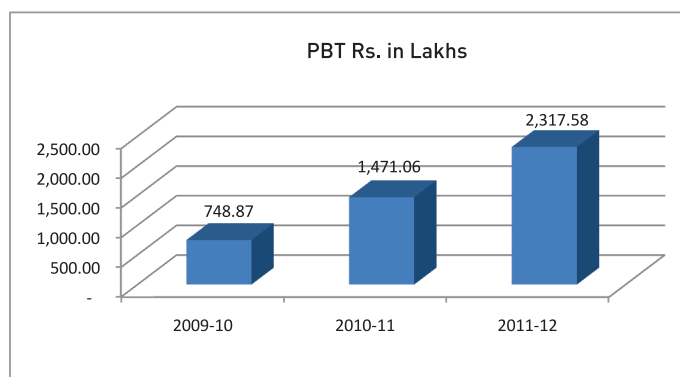
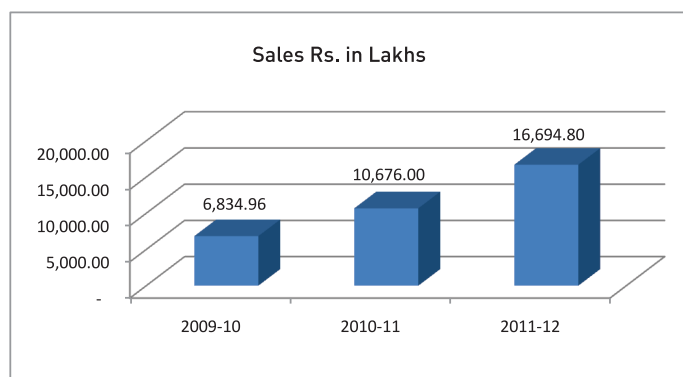
Pravin Herlekar
(Chairman and Managing Director)

Omkar Herlekar
(Whole Time Director)

Swapnali Puranik
(Company Secretary)

[illegible]

Financial Trend



OMKAR SPECIALITY CHEMICALS LIMITED

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

ATTENDANCE SLIP

Client ID No.

NAME AND ADDRESS OF THE SHAREHOLDER:

DP ID No.

Ledger Folio No.

No. of Share(s) held:

I hereby record my presence at the 7th ANNUAL GENERAL MEETING of the company held on Saturday, the 4th day of August, 2012 at Sanjeevani Hall, near Monjinis 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 Seventh Annual General Meeting of the Members of the Company to be held on Saturday, the 4th day of August, 2012 at 10.30 a.m. at Sanjeevani Hall, next to Monginis cake Shop, Badlapur (East), Thane 421 503 and at any adjournment thereof.

Signed this _____ day of _____ 2012

*Client ID No. _____

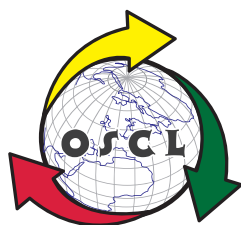
*DP ID No. _____

Signature _____

Ledger Folio No. _____

No of share(s) held _____

A member entitled to attend and VOTE is entitled to appoint proxy to attend and vote instead of himself, and the proxy so appointed 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

Omkar Speciality Chemicals Limited

Address: B-34, M.I.D.C. Badlapur (E), Dist-Thane, Maharashtra, Pin Code : 421503, India

Tel No.: + 91-251-2690651 / 2697340 Fax : + 91-251-2697347 / 2691572

E-mail: info@omkarchemicals.com