

OMKAR Speciality Chemicals Ltd.

AUDITED HALF YEARLY ACCOUNTS

SEPTEMBER 2010

SIDDHARTH SINKAR & ASSOCIATES
Chartered Accountants

Address : 502 Prasad Apt, Chaphekar Bandhu Marg, Mulund (East), Mumbai 400081
Phone : 21632188 Mobile : 98201 58827

AUDITORS' REPORT

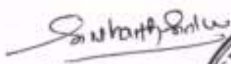
TO THE MEMBERS OF
OMKAR SPECIALITY CHEMICALS LIMITED
BADLAPUR

1. We have audited the attached Balance Sheet of OMKAR SPECIALITY CHEMICALS LIMITED as at 30th Sep, 2010, and also the Profit and Loss Account and also the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 277 of 'The Companies Act, 1956' and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge & belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from examination of such books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;



- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211(3C) of Companies Act, 1956;
- e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors of the Company, we report that none of the Directors are disqualified as on 30th Sep, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with the notes thereon give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. in the case of Balance Sheet, of the state of affairs of the company as on 30th Sep, 2010;
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the period ended on that date ; and
 - iii. in the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

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


S. S. Sinkar
Proprietor.
M. No. 109229



Place : Mumbai
Date : 27.10.2010

ANNEXURE TO THE AUDITOR'S REPORT

**(Referred to in Paragraph 3 of the Auditor's Report of even date to the members of
OMKAR SPECIALITY CHEMICALS LIMITED on the financial statements for
30th Sep, 2010)**

1. (a) The Company is maintaining proper records showing full particulars including quantitative details & situation of fixed assets.
(b) The fixed assets of the Company have been physically verified by the management during the period and no material discrepancies were found on such verification.
(c) The Company has not disposed off a substantial part of its fixed assets during the period under review.
2. (a) As explained to us and on the basis of verification of the relevant records, stocks of raw materials, work in process and finished goods have been physically verified by the management at regular intervals during the period.
(b) In our opinion, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
(c) In our opinion, and according to the information and explanation given to us the Company has maintained proper records of its inventories. And no material discrepancies were noticed on physical verification .
3. The company has neither granted nor taken any loans, secured or unsecured, to /from companies, firms or other parties listed in the register required to be maintained under Section 301 of the Companies Act, 1956. of paragraph 3 of the order are not applicable.
4. In our opinion and according to information and explanations given to us, there is adequate internal control through personal supervision of the management in respect of the purchases of stores, raw materials including components, plant & machinery, equipments & other assets, & for the sale of the goods and services.
5. (a) According to the information and explanation given to us and to the best of our knowledge the contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to information and explanation given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.



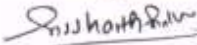
6. The Company has not accepted any deposits from the public during the period, to which the directives issued by the Reserve Bank of India & the provisions of Section 58-A and 58-AA of the Companies Act 1956 and the rules framed there under apply.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As informed to us, the maintenance of the cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
9. (a) The Company has been generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us and the books and records examined by us, there was no undisputed amount outstanding as on 30th Sep, 2010 in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty & Cess.
10. The Company has no accumulated losses as on 30th Sep, 2010 and not incurred cash losses during the period covered by our audit as also in the immediately preceding financial year.
11. Based on our audit procedures, and as per the information and explanations given to us by the management, we are of the opinion that according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions and banks.
12. The company has not granted any loans or advances on the basis of the security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.



18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the period.
20. The company has not raised any money through a public issue during the period.
21. During the course of our examination of the books and records of the Company, carried out in accordance of with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the period, nor have we been informed of such case by the management.

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



S. S. Sinkar
Proprietor.
M. No. 109229



Place : Mumbai
Date : 27.10.2010

OMKAR SPECIALITY CHEMICALS LIMITED

BALANCE SHEET AS AT 30.09.2010

	SCHEDULE	AS AT 30.9.2010 RUPEES	AS AT 30.09.2009 RUPEES
SOURCES OF FUNDS :			
SHAREHOLDERS FUNDS			
SHARE CAPITAL	1	115,280,000	115,280,000
RESERVES AND SURPLUS	2	94,010,792	25,537,520
		209,290,792	140,817,520
LOAN FUNDS			
SECURED LOANS	3	247,114,064	251,465,890
UNSECURED LOANS	4	86,239,974	31,721,091
		333,354,038	283,186,981
DEFERRED TAX LIABILITY			
		5,293,679	2,128,608
TOTAL		547,938,509	426,133,109
APPLICATION OF FUNDS :			
FIXED ASSETS			
GROSS BLOCK	5	189,610,148	170,950,288
LESS: DEPRECIATION		36,745,229	17,705,981
NET BLOCK		152,864,919	153,244,307
ADD : CAPITAL WORK IN PROGRESS		38,801,856	796,225
		191,666,775	154,040,532
INVESTMENTS			
In Equity Shares of Rishichem Research Limited		13,010,000	-
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	6	272,067,994	167,950,221
SUNDRY DEBTORS	7	244,742,296	187,806,555
CASH AND BANK BALANCES	8	3,750,843	2,975,930
LOANS AND ADVANCES	9	92,562,765	61,592,467
		613,123,898	420,325,173
LESS :			
CURRENT LIABILITIES & PROVISIONS	10		
LIABILITIES		205,971,160	104,992,517
PROVISIONS		69,111,862	43,253,500
		275,083,022	148,246,017
NET CURRENT ASSETS		338,040,876	272,079,156
MISCELLANEOUS EXPENDITURE			
(To the extent not written-off or adjusted)			
Preliminary Expenses		5,220,858	13,420
TOTAL		547,938,509	426,133,109

NOTES ON ACCOUNTS

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

For Omkar Speciality Chemicals Limited

S.S. Sinkar
(Proprietor)
M. No. 109229
Place : Mumbai
Date : 27.10.2010



Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

Nikita Mehta
(Company Secretary)

OMKAR SPECIALITY CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30.09.2010

	<u>SCHEDULE</u>	<u>CURRENT PERIOD ENDED 30.09.2010 RUPEES</u>	<u>PREVIOUS PERIOD ENDED 30.09.2009 RUPEES</u>
INCOME			
Sales (Net)	11	511,050,427	340,713,862
Other Income	12	439,264	276,276
Increase/(Decrease) in stock of Finished Goods		4,094,294	7,364,086
		515,583,985	348,354,224
EXPENDITURE			
Cost of Material Consumed	13	362,243,209	240,912,307
Other Manufacturing Expenses	14	24,659,517	16,791,025
Cost of Employment	15	14,218,180	14,937,177
Administrative, Selling & Distribution Expenses	16	12,922,262	10,541,125
Finance Expenses	17	19,271,980	17,944,370
		433,315,148	301,126,004
Profit before Depreciation		82,268,837	47,228,220
Less : Depreciation		8,893,081	8,388,053
Profit before Tax		73,375,756	38,840,167
Provision for Taxation -			
Previous year adjustment		-	(256,117)
Current Tax		21,900,000	14,000,000
Deferred Tax		996,936	(65,619)
Net Profit After Tax		50,478,819	25,161,903
Add: Surplus brought forward from previous year		30,491,655	90,445,617
Amount Available for Appropriation		80,970,474	115,607,520
APPROPRIATIONS			
Transfer to general Reserve		7,500,000	-
Balance Carried to Balance Sheet		73,470,474	-
		80,970,474	115,607,520
Earning Per Share (in Rs.)			
Basic		4.38	21.83
Face Value of Equity Shares (in Rs.)		10	100
Significant Accounting Policies and Notes to Accounts	18		

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

S.S. Sinkar

S.S. Sinkar
(Proprietor)
M. No. 109229
Place : Mumbai
Date : 27.10.2010



For Omkar Speciality Chemicals Limited

Pravin Herlekar
Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
Omkar Herlekar
(Whole Time Director)

Nikita Mehta
Nikita Mehta
(Company Secretary)

Nikita Mehta

OMKAR SPECIALITY CHEMICALS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30.09.2010

	CURRENT PERIOD ENDED 30.09.2010 RUPEES	CURRENT PERIOD ENDED 30.09.2009 RUPEES
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extra ordinary items	73,375,756	38,840,167
Adjustment for :		
Depreciation	8,893,081	8,388,053
Preliminary Expenses written off	-	13,420
Interest Income	(439,264)	(204,447)
Unrealised Foreign Currency Gain/Loss	1,440,055	(1,928,503)
Interest/Finance Expenses	19,271,980	17,944,370
Operating profit before working capital changes :	102,541,608	63,053,060
Adjustment for :		
Decrease/(Increase) in Inventories	(77,249,955)	(15,425,522)
Decrease/(Increase) in Sundry Debtors	(79,627,302)	(38,147,249)
Decrease/(Increase) in Loans and Advances	(521,167)	(7,764,256)
Increase/ (Decrease) in Trade and Other Payables	70,729,180	10,717,892
Taxes Paid	(6,209,788)	(3,287,009)
Cash flow from operations	9,662,576	9,146,915
Extra ordinary items:	-	-
Net cash flow from operating activities:	9,662,576	9,146,915
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets/Capital Work in Process	(38,739,357)	(12,867,256)
Investments in Shares of subsidiary company	(13,010,000)	-
Interest Income	439,264	204,447
Net cash flow from investing activities:	(51,310,093)	(12,662,809)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decreases) in Un-secured loans	70,485,102	(29,935,954)
Increase/(Decreases) in Secured loans	(4,787,042)	52,302,416
Public Issue Expenses	(5,220,858)	-
Interest/Finance Expenses	(19,271,980)	(17,944,370)
Net cash flow from financing activities :	41,205,222	4,422,092
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS : (A+B+C)	(442,297)	906,197
Cash and cash equivalents as at 01.04.2010 (Opening Balance)	4,193,140	2,069,733
Cash and cash equivalents as at 30.09.2010 (Closing Balance)	3,750,843	2,975,930

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

S.S. Sinkar
(Proprietor)
M. No. 109229
Place : Mumbai
Date : 27.10.2010



For Omkar Speciality Chemicals Limited

Pravin Herlekar
(Chairman & Managing Director)

Omkar Herlekar
(Whole Time Director)

Nikita Mehta
(Company Secretary)

OMKAR SPECIALITY CHEMICALS LIMITED

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30.09.2010**

	AS AT 30.09.2010 Rupees	AS AT 30.09.2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised :		
2500000 Equity shares of Rs. 10/- each.	250,000,000	150,000,000
(previous period 1500000 Equity shares of Rs. 100/- each)		
Issued, Subscribed and Paid-up:		
11528000 Equity shares of Rs.10/- each fully paid-up	115,280,000	115,280,000
(previous year 1152800 Equity shares of Rs.100/- each fully paid-up)		
	115,280,000	115,280,000
Notes:		
of the above equity shares:-		
1)25100(Previous year 25100) Equity shares of Rs. 100/- each have been issued for consideration other than cash		
2)Nil (previous year 11,26,600) Equity shares of Rs.100/- each have been allotted as fully paid -up by way of bonus shares by way of capitalisation of Profits & Security Premium A/c		
SCHEDULE 2 : RESERVES & SURPLUS		
Securities Premium Account		
Balance as per last Balance Sheet	-	22,590,000
Less : Capitalised by way of bonus issue	-	22,590,000
	-	-
General Reserve		
Balance as per Last Balance Sheet	13,040,315	-
Add: Transferred from Profit and Loss Account	7,500,000	-
	20,540,315	-
Profit & Loss Account :		
Balance as per last Balance Sheet	30,491,658	90,445,617
Add: Current year profit	50,478,819	25,161,903
	80,970,477	115,607,520
Less: Transferred to General Reserve	7,500,000	-
Less: Capitalised by way of bonus issue	-	90,070,000
	73,470,477	25,537,520
	94,010,792	25,537,520
SCHEDULE 3 : SECURED LOANS		
Term Loans		
(i) From Banks		
Rupee Loans	56,282,517	77,541,512
Working Capital Loans from Banks	190,831,547	173,924,358
	247,114,064	251,465,890
Note:		
1) a) Term loans from Banks were secured by way of hypothication 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 promotor directors of the company		
2) a) Working Capital Loans Banks were secured by way of hypothication 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 promotor directors of the company		
SCHEDULE 4: UNSECURED LOANS		
Inter Corporate Deposits	49,871,424	13,664,198
Short Term loans from Financial Institutions	8,026,199	15,035,542
Loans from Directors & their Relatives	23,842,351	3,021,351
Loan From others	4,500,000	-
	86,239,974	31,721,091



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OMKAR SPECIALITY CHEMICALS LIMITED

SCHEDULE 5 : FIXED ASSETS

Sl. No.	Description of the Assets	Rate of Depreciation	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			Cost as on 01/04/2010	Additions during the period	Deduction	Cost as on 30/09/2010	Upto 01/04/2010	For the period	Deduction	Upto 30/09/2010	WDV as on 30/09/2010	WDV as on 31/03/2010
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Land	-----	22,814,205	243,204	-	23,057,409	734,073	156,186	-	890,259	22,167,150	22,080,132
2	Factory Building	10.00%	59,059,861	221,162	-	59,281,023	7,831,731	2,567,056	-	10,398,787	48,882,236	51,228,130
3	Plant & Machinery (R&D)	13.91%	9,937,967	1,393,114	-	11,331,081	1,484,134	615,533	-	2,099,667	9,231,413	8,453,833
4	Plant & Machinery	13.91%	81,764,302	3,165,319	-	84,929,621	14,384,399	4,801,462	-	19,185,861	65,743,760	67,379,903
5	Electrical Installation	13.91%	2,897,508	196,618	-	3,094,126	637,049	160,625	-	797,674	2,296,452	2,260,459
7	Furniture & Fixture	18.10%	2,078,181	45,641	-	2,123,822	717,062	126,142	-	843,204	1,280,618	1,361,119
8	Office Equipments	13.91%	1,631,501	46,125	-	1,677,626	371,880	90,176	-	462,056	1,215,570	1,259,621
9	Computer	40.00%	2,000,423	419,099	-	2,419,522	842,641	266,291	-	1,108,932	1,310,590	1,157,782
10	Motor Car and Cycle	25.89%	1,695,918	-	-	1,695,918	849,179	109,610	-	958,789	737,129	846,739
Total			183,879,866	5,730,282	-	189,610,148	27,852,148	8,893,081	-	36,745,229	152,864,918	156,027,718
14	Capital Work in Progress		5,792,781	33,009,075	-	38,801,856	-	-	-	-	38,801,856	5,792,781.00
TOTAL			189,672,647	38,739,357	-	228,412,004	27,852,148	8,893,081	-	36,745,229	191,666,774	161,820,499
Previous Period			(158,879,257)	(12,867,256)	-	(171,746,513)	(9,317,928)	(8,368,053)	-	(17,705,981)	(154,040,532)	(149,561,330)





Note:

- 1) Inter Corporate Deposits due within a year is Rs.4,98,71,424/- (previous period Rs 1,52,51,300/-)
- 2) Short Term Loans from Financial Institutions due within a year is Rs.8026199/- (previous Period Rs 1,50,35,542/-)
- 3) Term Loans from Financial Institutions are secured by personal guarantee of the promotor directors of the company

SCHEDULE 6: INVENTORIES

Stock in Trade

Raw Material and Packing Materials	97,178,899	69,449,813
Work in Process	155,757,118	79,139,744
Finished Goods	19,131,977	19,360,664

272,067,994 167,950,221

Note:

- 1) Stock of Raw Materials and Work in Process is valued at cost and Finished Goods is valued at lower of cost or net realisable value

SCHEDULE 7: SUNDRY DEBTORS

(Unsecured, Considered Good)

Over Six months

Others

11,259,308 13,269,044

233,482,988 174,537,511

244,742,296 187,806,555

SCHEDULE 8: CASH AND BANK BALANCE

Cash in Hand

Balances with Scheduled Banks :

In Current Accounts

81,237 84,109

3,669,606 2,891,821

3,750,843 2,975,930

SCHEDULE 9: LOANS AND ADVANCES

unsecured, Considered good unless otherwise stated

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

Considered good

11,945,503 10,012,832

Deposits

Balance With Customs, Excise and Service Tax Authorities

Advance payment of Income Tax

Advance payment of Fringe Benefit Tax

Advance payment of Sales tax

27,105,262 12,491,304

8,662,451 5,726,667

41,118,166 29,157,732

170,000 377,738

3,561,383 3,826,195

92,562,765 61,592,467

SCHEDULE 10: CURRENT LIABILITIES AND PROVISIONS

LIABILITIES

Sundry Creditors for Goods

Sundry Creditors for Expenses

Statutory Liabilities

Interest Accrued but not due on loans

Advance Recd. from Customers

178,294,182 95,116,670

25,552,676 8,839,223

1,261,385 647,155

111,251 89,460

751,666 300,009

205,971,160 104,992,517

PROVISIONS

For Gratuity

For Taxation

For Proposed Dividend on Equity Shares

For Corporate tax on Dividend

3,620,519 -

58,770,000 43,253,500

5,764,000 -

957,343 -

69,111,862 43,253,500

SCHEDULE NO. 11: Sales

Domestic Sales

Exports Sales

Sales(Gross)

Less: Excise Duty

Sales (Net)

489,650,618 337,158,726

56,545,523 23,617,731

546,196,141 360,776,457

35,145,714 20,062,595

511,050,427 340,713,862



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SCHEDULE NO. 12: OTHER INCOME

Interest Receivable	439,264	204,447
Income From Sale of Sample		71,829

439,264	276,276
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SCHEDULE NO. 13: COST OF MATERIAL CONSUMED

Opening Stock	62,943,129	73,870,189
Add : Purchases	435,398,870	249,067,049
Less: Closing Stock	97,178,899	69,449,813

Consumption	(A)	401,163,100	253,487,425
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Increase/ Decrease in Working Process

Opening stock:			
Work in Process		116,837,227	66,564,626
Closing Stock:			
Work in Process		155,757,118	79,139,744
Increase/ Decrease	(B)	(38,919,891)	(12,575,118)

Total	(A+B)	362,243,209	240,912,307
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SCHEDULE NO. 14: OTHER MANUFACTURING EXPENSES

Central Excise Duty	756,740	144,073
Factory Electricity charge	1,755,816	1,464,886
Water Charges	548,295	342,763
Packing & Testing Charges	92,301	36,033
Laboratory Expenses	546,061	543,024
Consumable Stores	8,137,822	5,485,546
Processing Charges	7,915,287	5,239,942
Repairs & Maintenance	2,591,600	2,009,762
Freight Inward	2,228,040	1,480,409
Sundry Factory Expenses	87,555	44,587
	24,659,517	16,791,025

SCHEDULE NO. 15: COST OF EMPLOYMENT

Salary & Wages -Factory	7,890,385	5,335,151
Labour Charges	3,860,651	3,349,026
Directors Remuneration	1,410,000	6,210,000
Salary & Wages- Others		43,000
Gratuity	1,057,144	

14,218,180	14,937,177
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SCHEDULE NO. 16: ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

Rates & Taxes	369,673	528,179
Printing & Stationery	387,219	183,022
Postage, Telephone & Internet charges	760,235	426,250
Conveyance and Travelling	286,342	120,656
Freight & Transportation Charges	976,687	1,574,335
Insurance	751,200	1,044,520
Sales Promotion Expenses	899,970	1,491,847
Commission	2,073,426	1,932,103
Repairs & Maintenance- Others	1,397,080	620,357
Forex Currency Loss	1,810,815	210,388
Staff Welfare Expenses	363,741	315,291
Auditors Remuneration	132,360	132,360
Professional Fees	1,620,299	1,263,193
ROC Charges	27,547	466,695
Misc. Expenses	1,065,668	218,509
Preliminary Expenses Written off		13,420

12,922,262	10,541,125
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SCHEDULE NO. 17: FINANCE EXPENSES

Bank Interest	14,765,189	13,382,288
Other Interest	1,527,725	1,853,560
Other Finance Charges	2,979,066	2,708,522

19,271,980	17,944,370
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M/S. OMKAR SPECIALITY CHEMICALS LIMITED

SCHEDULE 18: SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(A) SIGNIFICANT ACCOUNTING POLICIES:

a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

b) USE OF ESTIMATES:

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

c) FIXED ASSETS:

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

d) FOREIGN CURRENCY TRANSACTIONS/TRANSLATION:

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

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

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

e) INVENTORIES :

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



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

f) REVENUE RECOGNITION:

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

g) Investments

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

h) EXPORT BENEFITS

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

i) EXCISE DUTY/CUSTOM DUTY:

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

j) DEPRECIATION:

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

k) EMPLOYEE BENEFITS:

a) Short Term Employee Benefits:

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

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

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

l) TAXES ON INCOME

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

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



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

m) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

n) BORROWING COST:

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

o) IMPAIRMENT OF ASSETS:

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

(B) NOTES TO ACCOUNTS:

- (1) Estimated amount of contingent liability for contracts remaining to be executed on capital account and not provided for, net of advances, Rs.228.48 lacs (previous period Rs. Nil).
- (2) Contingent Liability for Letter of Credit issued by the company's bankers in connection with the credit facilities to the company aggregating Rs. 539.00 lacs (previous period Rs. Nil)
- (3) The value of the closing stock of raw materials, work in process and finished goods has been arrived at on the basis of the records maintained and certified by the Management.
- (4) In the opinion of the board, the current assets (except stock of raw material, work in process and finished goods), loans and advances are approximately of the value stated, if realized, in the ordinary course of business.



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(5) DEFERRED TAX ASSET/LIABILITY:

Particulars	AS ON 30.9.2010	AS ON 30.9.2009
Difference between net book value of the capital assets as per books vis-à-vis written down value as per Income Tax Act and on account of Gratuity	1,55,74,226/-	62,62,453/-
Deferred Tax Liability	52,93,679/-	21,28,608/-

(6) Auditors Remuneration includes :

Audit Fees	Rs. 1,32,360/-	(Rs.132360/-)
Tax Audit Fees	Rs. Nil	(Rs.Nil)
Other Services	Rs. Nil	(Rs. Nil)

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

Particulars	AS ON 30.9.2010	AS ON 30.9.2009
Profit attributable to Equity Shareholders	5,04,78,817	2,51,61,903
Weighted average number of Equity Shares: -Basic and Diluted	11528000	1152800
Earnings per Share (in Rs.) -Basic and Diluted	4.38	21.83

(8) Remuneration to Director :

Shri P. S. Herlekar, the director of the company was in receipt of and/ or entitled to a remuneration of Rs. 2.00 lakhs per month (Rs.10.00 lakhs per month).

(9) 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



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(10) RELATED PARTY TRANSACTIONS:

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

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

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

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

Particulars		(Rs. in Lakhs)	
		AS ON 30.9.2010	AS ON 30.9.2009
Processing Charges paid	Related party –common Control Exists		
Rishichem Research Limited	Opening Balance Receivable(Payable)	18.50	Nil
	Processing Charges payable	16.96	8.05
	Received during the period	Nil	Nil
	Paid during the period	15.54	13.56
	Receivable/(Payable) during the period	19.92	(5.51)
Directors Remuneration/Salary	Key Management Personnel		
Mr.Pravin Shivdas Herlekar	Paid during the period	14.30	40.98
Ms.Anjali Herlekar	Paid during the period	1.46	1.44
Mr.Shivdas Herlekar	Paid during the period	0.60	0.63
Mr.Omkar Herlekar	Paid during the period	6.00	3.30
Mr.D.M.Deshapnde	Paid during the period	-	2.29
Mr.G.M.Deshpande	Paid during the period	-	2.01
Unsecured Loan			
Mr.Pravin S. Herlekar	Opening Balance	Nil	25.00
	Taken During the period	234.00	10.00
	Repaid During the period	1.89	10.00
	Closing Balance	232.11	25.00
Ms.Anjali P. Herlekar	Opening Balance	1.82	1.82



	Taken During the period	Nil	Nil
	Repaid During the period	Nil	Nil
	Closing Balance	1.82	1.82
Mr.Shivdas Herlekar	Opening Balance	3.39	3.39
	Taken During the period	Nil	Nil
	Repaid During the period	Nil	Nil
	Closing Balance	3.39	3.39
Mr.D.M.Deshapnde	Opening Balance	Nil	Nil
	Taken During the period	1.10	Nil
	Repaid During the period	Nil	Nil
	Closing Balance	1.10	Nil

(11) Quantative Details:

Particulars in respect of licensed and installed capacity:

Licensed capacity: Not Applicable

Installed capacity:

Selenium Compound	70000 kgs per annum
Iodine Compound	470000 kgs per annum
Molybdenium Compound	60000 Kgs per annum
Others	150000 kgs per annum

A) Raw Material : -Opening Stock

Sr. No.	Particulars	Current period		Previous period	
		Quantity (Kg)	Rupees	Quantity (Kg)	Rupees
1.	Crude Iodine	26138	21391443	17047	26786825
2.	Selenium Metal Powder	2269	8431034	9958	28105164
3.	Tetra Hydro Furon	2000	288000	455	48458
4.	Caustic Soda Flakes	9125	164311	1649	51944
5.	Others	155885	32668341	97287	18877798
	TOTAL	195417	62943129	126396	73870189

B) Work In Process: -Opening Stock

Sr.No.	Particulars	Current period		Previous period	
		Quantity (Kg)	Rupees	Quantity (Kg)	Rupees
1.	Selenium Compounds	11940	67739852	5918	41540764
2.	Iodine Compouns	21479	27692025	15567	18408285
3.	Molybdenium Compounds	13114	7762903	2196	1600950
4.	Others	24558	13642447	10899	5014627
	TOTAL	71091	116837227	34580	66564626

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C) Finished Goods: -Opening Stock

Sr.No.	Particulars	Current period		Previous period	
		Opening Stock		Opening Stock	
		Quantity (Kg)	Rupees	Quantity (Kg)	Rupees
1.	Selenium Compounds	398	781119	2427	5063693
2.	Iodine Compounds	10107	10976343	4270	4266815
3.	Molybdenum Compounds	1775	1158627	1385	1328085
4.	Others	4128	2121594	1789	1337985
	TOTAL	16408	15037683	9871	11996578

D) Purchses of Materials :

Sr.No.	Particulars	Current period		Previous period	
		Purchases		Purchases	
		Quantity (Kg)	Rupees	Quantity (Kg)	Rupees
1.	Crude Iodine	82030	106142587	78256	95661613
2.	Selenium Metal Powder	25134	100832659	13320	32661315
3.	Tetra Hydro Furon	44694	7388664	49140	5202000
4.	Caustic Soda Flakes	112000	2024171	134700	3364529
5.	Others	2214877	219010789	735173	95177592
	TOTAL	2478735	435398870	1010589	232067049

E) Consumption of Materials :

Sr.No.	Particulars	Current year		Previous Year	
		Consumption		Consumption	
		Quantity (Kg)	Rupees	Quantity (Kg)	Rupees
1.	Crude Iodine	89404	114420785	67106	104578713
2.	Selenium Metal Powder	23221	93465009	16929	41494354
3.	Tetra Hydro Furon	45528	7452209	49320	5221170
4.	Caustic Soda Flakes	112391	2033883	129371	3262957
5.	Others	2166560	183791214	706737	81930231
	TOTAL	2437104	401163100	969463	236487425

* above consumptions also includes cost of goods traded

F) Raw Material :- Closing Stock

Sr.No.	Particulars	Current year		Previous Year	
		Closing Stock		Closing Stock	
		Quantity (Kg)	Rupees	Quantity (Kg)	Rupees
1.	Crude Iodine	18764	13113245	28197	17869725
2.	Selenium Metal Powder	4182	15798684	6350	19272125
3.	Tetra Hydro Furon	1166	224455	275	29288
4.	Caustic Soda Flakes	8734	154599	6978	153516
5.	Others	204202	67887916	125722	32125159
	TOTAL	237048	97178899	167522	69449813






G) Work In Process: Closing Stock

Sr.No.	Particulars	<u>Current year</u>		<u>Previous Year</u>	
		Closing Stock		Closing Stock	
		Quantity (Kg)	Rupees	Quantity (Kg)	Rupees
1.	Selenium Compounds	27053	104232438	10688	51321349
2.	Iodine Compounds	19887	22913934	9116	11664160
3.	Molybdenium Compounds	14123	9655003	8804	6669300
4.	Others	39194	18955743	14590	9484936
	TOTAL	100257	155757118	43198	79139745

H) Finished Goods: Closing Stock

Sr.No.	Particulars	<u>Current year</u>		<u>Previous Year</u>	
		Closing Stock		Closing Stock	
		Quantity (Kg)	Rupees	Quantity (Kg)	Rupees
1.	Selenium Compounds	5109	10800852	2619	5749471
2.	Iodine Compounds	4633	5143720	4544	5923460
3.	Molybdenium Compounds	455	410568	5931	4557906
4.	Others	3912	2776837	4628	3129828
	TOTAL	14109	19131977	17722	19360665

I) Sale of Materials:

Sr.No.	Particulars	<u>Current period</u>			<u>Previous period</u>		
		Production Quantity (Kgs)	Sales Quantity (Kgs)	Sales Rupees	Production Quantity (Kgs)	Sales Quantity (Kgs)	Sales Rupees
		1.	Selenium Compounds	43213	38503	135150079	23553
2.	Iodine Compounds	153408	158882	227740160	120519	124189	171927665
3.	Molybdenium Compounds	32139	33459	32614150	22761	17057	12595404
4.	Others	98726	98941	27339161	42254	38408	22791258
	Total	327486	329785	422843550	209087	202886	304539023



J) Goods traded

Sr.No.	Particulars	Current period		Previous period	
		Sales Quantity (Kgs)	Sales Rupees	Sales Quantity (Kgs)	Sales Rupees
1.	Selenium Compounds	-	-	1021	1963200
2.	Iodine Compounds	7023	11185922	8521	13813190
3.	Others	1372853	62769035	19761	3459111
	Total	1379876	73954957	29303	19235501

J) Job Work Charges for goods received for Processing

Sr.No.	Particulars	Current period		Previous period	
		Sales Quantity (Kgs)	Sales Rupees	Sales Quantity (Kgs)	Sales Rupees
1.	Selenium Compounds	11563	13975750	10659	16633937
2.	Iodine Compounds	-	-	-	-
3.	Others	33	276170	976	305401
	Total	11596	14251920	11635	16939338

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

Raw Materials

Sr.No.	Particulars	Current period		Previous period	
		Rupees	Percentage	Rupees	Percentage
1.	Imported	114764594	28.61	130735430	55.28
2.	Indigenous	286398535	71.39	105751995	44.72
	TOTAL	401163129	100.00	236487425	100.00

Consumable Stores

Sr.No.	Particulars	Current period		Previous period	
		Rupees	Percentage	Rupees	Percentage
1.	Imported	Nil	-	Nil	-
2.	Indigenous	8137822	100.00	5485546	100.00
	TOTAL	8137822	100.00	5485546	100.00






	Current period	Previous period
(13) Earnings in foreign exchange:		
Value of Exports at F.O.B. (including exchange difference)	Rs.3,64,63,812/-	Rs.3,61,80,838/-
Technical Service Fees – Gross	Nil	Nil
Dividends – Gross	Nil	Nil
Interest from Investments	Nil	Nil
Others	Nil	Nil
(14) Expenditure in foreign currency :		
Selling expenses	Nil	Nil
Foreign travel	Nil	Nil
Other Expenses	Rs.10,98,125/-	Rs.9,30,964/-
(15) Dividend remitted in foreign currency :		
No. of Shareholders	Nil	Nil
No. of Shares held in Lakhs	Nil	Nil
Net Dividend remitted	Nil	Nil
(16) Value of Imports C. I. F. basis :		
Raw Materials	Rs.13,90,26,697/-	Rs.10,94,48,833/-
Store , Spare etc.	Nil	Nil
Capital Goods	Rs. 6,45,932/-	Rs. 15,47,875/-

(17) The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures as required under Schedule VI of the Companies Act, 1956 relating to amounts unpaid as at the year end together with interest paid/ payable, etc., have not been made.

(18) Basic earnings per share are computed by dividing net profit after tax by 11,52,800 equity shares of Rs.100 each. Since there are no dilutive potential equity shares, the diluted earnings per share are the same as basic earnings per share.

**(C) ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI:
BALANCE-SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**

I. Registration Details :

Registration No.	State Code
U 24110 MH 2005 PLC 151589	11
(date: 24.02.2005)	
Balance Sheet Date : 30.9.2010	

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

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

III. Position of mobilization and deployment of funds (amount in Rs. in lakhs):

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Total Liabilities.	5479.39	Total Assets.	5479.39
Sources of Funds		Reserves and Surplus.	
Paid-up Capital	1152.80		940.10
Secured Loans.	2471.14	Unsecured Loans.	862.40
Application of Funds		Investments.	130.10
Net Fixed Assets.	1916.67	Misc. Expenditure.	52.21
Net Current Assets.	3380.41		
Accumulated Losses.	Nil		
IV. Performance of company (amount in Rs.lakhs):			
Total Income	5155.84	Total Expenditure	4422.08
+ - Profit/Loss before Tax.	733.76	+ - Profit/Loss after Tax,	504.79
Earning per share in Rs.	4.08	Dividend rate %	Nil

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

Item Code No.

(ITC Code). :

Product description. : Selenium Dioxide, Metyl Iodide, Benzene Seleninic Anhydride

Item Code No.

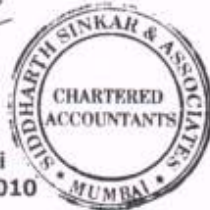
(ITC Code).

Product description. : N.A.

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

Siddharth Sinkar

S.S.Sinkar
Proprietor
M.No. 109229
Place : Mumbai
Date : 27.10.2010



For Omkar Speciality Chemicals Limited

Pravin Herlekar
Pravin Herlekar
(Managing Director)

Omkar Herlekar
Omkar Herlekar
(Whole Time Director)

Nikita Mehta
Nikita Mehta
(Company Secretary)