



OMKAR SPECIALITY CHEMICALS LIMITED

Regd. & Corporate Office : Unit - III, B-34, M.I.D.C., Badlapur (East), Thane - 421 503, Maharashtra, India
Tel. : +91 (0251) 2697340, 2690651, Fax : +91 (0251) 2697347, 2691572

Email : info@omkarchemicals.com Web. : www.omkarchemicals.com

CIN : L24110MH2005PLC151589

Date: July 02, 2018

To,
Investor Services Cell
National Stock Exchange of India Limited
"Exchange Plaza", Plot No. C/1,
G Block Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051.
NSE CODE: OMKARCHEM.

Sub: Compliance as per Regulation 33 of the SEBI (Listing Obligation and disclosure Requirements) Regulations, 2015.

Ref: Your letter NSE/LIST/FR/6967 Dated 01 June 2018.

Dear Sir,

In connection with your observation on above subject, we would like to submit following information/clarification.-

1. **Segment Reporting:** 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 Indian Accounting Standard -108 as notified by the Companies.
2. **The company has not submitted the Statement of Modified Opinion or in case of unmodified opinion(s), a declaration to that effect to the Stock Exchange:** Please find attached statement of modified opinion (Annexure I). (CFO is resigned on June 30, 2017, till now the post is vacant. That's why this annexure was not signed by CFO)

Yours Faithfully,

For **OMKAR SPECIALITY CHEMICALS LIMITED**

SUNNY PAGARE
COMPANY SECRETARY

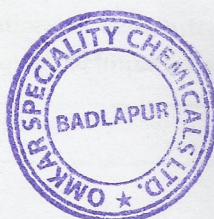
ANNEXURE I

OMKAR SPECIALITY CHEMICALS LIMITED

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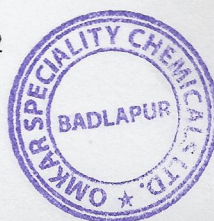
Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-
with Annual Audited Financial Results

Statement on Impact of Audit Qualifications for the Financial Results for the financial year ended March 31, 2018 (See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016)				
	Sr. No	Particulars	Audited Figures (as reported before adjusting for qualifications (In Lakhs)	Audited Figures (as reported after adjusting for qualifications (In Lakhs)
I	1	Turnover/Total Income	20,132.42	20,132.42
	2	Total Expenditure (including Tax expenses Rs. -2258.02 lakhs)	30529.22	30529.22
	3	Net Profit/(Loss)	10396.80	10396.80
	4	Earnings Per Share (in Rs)	(50.52)	(50.52)
	5	Total Assets	13,611.81	13,611.81
	6	Total Liabilities	26,120.36	26,120.36
	7	Net Worth (including revaluation reserve)	(12,508.55)	(12,508.55)
	8	Any other financials items(s) (as felt appropriate by the management)	-	-
II	Audit Qualification (each audit qualification separately):			
1	a) Details of Audit Qualification: The company has negative net worth as at 31 st March 2018. The financial results have been prepared assuming that the company will continue as a going concern. Also, the financial statements do not include any adjustments that might result from the outcome of qualifications as per the succeeding paragraphs.			
	b) Type of Audit Qualification: Qualified Opinion			
	c) Frequency of Qualification: Third Time			
	d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA			
	e) For Audit Qualification(s) where the impact is not quantified by the auditor:			

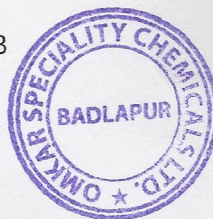


	<p>(i) Management's estimation on the impact of audit qualification:</p> <p>The company has a sound business plan in terms of its diversified product profile and a wide customer base both on the domestic as well as international front. The business fundamentals are extremely strong and the company can progress with reasonable growth rate in coming years. The business in the recent past has been affected on account of Working Capital requirements. However, the company has firmed up plans for improving the cash flows by infusion of Equity through its proposed Rights Issue for which a Draft Letter of Offer has already been submitted to SEBI and both the Exchanges on 28th May 2018.</p> <p>In view of the above, in spite of having negative net worth the financial results have been prepared assuming that the company will continue as a going concern.</p>
	<p>(ii) If management is unable to estimate the impact, reason for the same: Not Applicable</p>
	<p>(iii) Auditors Comments on (i) or (ii) above: Included in details of audit qualification.</p>
2	<p>a) Details of Audit Qualification:</p> <p>The existing software used for inventory records is not satisfactory.</p>
	<p>b) Type of Audit Qualification: Qualified Opinion</p>
	<p>c) Frequency of Qualification: Third Time</p>
	<p>d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</p>
	<p>e) For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	<p>(i) Management's estimation on the impact of audit qualification:</p> <p>The stock of inventory was taken by the company based on physical verification of the inventory comprising of raw-materials, Work in Progress, Finished Goods, etc. as on 31st March 2018. However, on account of certain technical short comings in functionality of newly adopted inventory software, there was a mismatch in the physical stock and the stock getting reflected from the system. Because of the glitches in the software, it was not possible to tally the physical stock with the system.</p> <p>However, considering the value of inventory at balance sheet data (i.e. Rs. 432.56 lakhs) and size of operations of the Company, the management believes that, there will not be any significant material financial impact if any due to inventory on the financial statement.</p> <p>Moreover, the company is in the process of improving the system to overcome the aforesaid shortcomings and reconcile the physical stock of inventory with the system.</p>
	<p>(ii) If management is unable to estimate the impact, reason for the same: Not Applicable</p>
	<p>(iii) Auditors Comments on (i) or (ii) above: Included in details of audit qualification.</p>
3	<p>a) Details of Audit Qualification:</p> <p>The Company has not furnished the confirmations of certain trade payables and trade receivables. In view of the same, we are unable to comment on the consequential impact, if any</p>
	<p>b) Type of Audit Qualification: Qualified Opinion</p>

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	c) Frequency of Qualification: Third Time
	d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA
	e) For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: Not Quantified
	<p>(ii) If management is unable to estimate the impact, reason for the same:</p> <p>We had sent request for balance confirmation to 38 debtors which constitutes 66% of the total trade receivables outstanding as on 31.03.2018 and have received balance confirmation from 17 debtors which constitute 24% of the outstanding trade receivables. Out of these 17 debtors, balance confirmation of 15 debtors are matching with our records and for remaining 2 debtors, statement of account is reconciled with our records in June 2018. The difference in balance confirmation is detailed below.</p> <p>a) for one debtor, there is a difference in balance confirmation of Rs. 142877/- which is on account of sales bill issued by us for Rs. 184714/ for supply of material on 23.03.2018 accounted by the party in April 2018 and also TDS of Rs. 41837/- was deducted by the party on job work service provided by us and accounted in April 2018.</p> <p>b) for another debtor the difference in balance confirmation is of Rs. 4580/- which is due to TDS deducted by the party on job work services provided by us and accounted in April 2018.</p> <p>We had also sent request for balance confirmation to 73 creditors which constitute 83% of the total trade payables outstanding as on 31.03.2018 and received balance confirmation from 31 creditors which constitute 45% of the outstanding trade receivables. Out of this 31 creditors, balances confirmation of 26 creditors are matching with our records and for remaining 5 creditors statement of account is reconciled with our records in June 2018. The difference in balance confirmation is detailed below.</p> <p>a) for one creditor difference in balance confirmation of Rs. 22.47 lakhs is due to contract labour charges for the month of March 2018 which was accounted by the vendor in April 2018.</p> <p>b) for two creditors combined difference in balance confirmation of Rs. 5359/- is on account of TDS deducted by us on custom house agent service but not accounted by the party.</p> <p>c) for one creditor difference in balance confirmation of Rs. 47052/- is on account of short supply of material.</p> <p>d) for one creditor difference in balance confirmation is on account of cheque issued by us on 30.03.2018 of Rs. 72320/- and TDS of Rs. 3990/- deducted by us on custom house agent service but not accounted by the party.</p> <p>In view of the above and considering the size of operation of the company the management is of the opinion that, there will not be any material impact of the same on the financial statements.</p>
	(iii) Auditors Comments on (i) or (ii) above: Included in audit qualification.
4	<p>a) Details of Audit Qualification:</p> <p>The Internal Financial Control over Financial Reporting (IFCR) in the Company requires to be strengthen significantly. Adequate IFCR policies, procedures should be laid down and overall internal controls and operating effectiveness needs to be strengthened.</p>



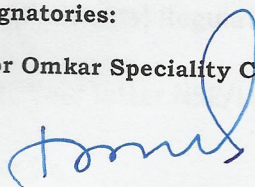
OMKAR SPECIALITY CHEMICALS LIMITED

Registered Office: Plot No. 10, Sector 10, Badlapur (E), Dist. Thane - 401 505, Maharashtra
 Tel: 022-2551 4750 Fax: 022-2551 4751 Email: info@omkarchemicals.com Website: www.omkarchemicals.com

b)	Type of Audit Qualification: Qualified Opinion
c)	Frequency of Qualification: Third Time
d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA
e)	For Audit Qualification(s) where the impact is not quantified by the auditor:
(i)	Management's estimation on the impact of audit qualification: Not Quantified
(ii)	If management is unable to estimate the impact, reason for the same: Management is in the process of strengthening the overall Internal Financial Control and development of adequate IFCR policies and procedures.
(iii)	Auditors Comments on (i) or (ii) above: Included in audit qualification.

III Signatories:

For Omkar Speciality Chemicals Limited



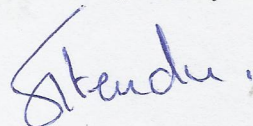
Pravin Herlekar

Chairman and Managing Director

Place : Badlapur

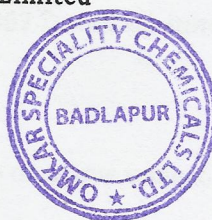
Date: 29-06-2018

For Omkar Speciality Chemicals Limited



Sitendu K. Sharma

Audit Committee Chairman

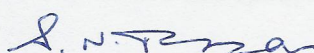


Refer our Audit Report dated May 30, 2018 on financial results of the company.

For Desai Saksena & Associates

Chartered Accountants

Firm's registration number: 102358W



Dr S.N. Desai

Partner

Membership number: 32546

Place: Mumbai

Date: 29-06 2018



PRAVIN S. HERLEKAR
 CHAIRMAN AND MANAGING DIRECTOR
 DIN: 06525610