



# 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: May 30, 2019

Ref. No.: OSCL/SE/2019-20/15

To,

Corporate Services Department <b>BSE LIMITED</b> P.J. Towers, 1 <sup>st</sup> Floor, Dalal Street, Mumbai – 400001. BSE Code: 533317	Corporate Services Department <b>NATIONAL STOCK EXCHANGE OF INDIA LIMITED</b> Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400051. NSE Symbol: OMKARCHEM
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Dear Sir/Madam,

**Re: Outcome of Board Meeting held today i.e. May 30, 2019.**

In furtherance of our letter bearing Ref. No.: OSCL/SE/2019-20/13 dated May 23, 2019 and pursuant to Regulation 30 and Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) 2015, read with Schedule III to the Listing Regulations, we would like to inform you that the Board of Directors of Omkar Speciality Chemicals Limited at its meeting held today, i.e., on Thursday, May 30, 2019 at 4.30 p.m. and concluded at 8.45 p.m. inter alia, has approved / noted the following:-

- Upon recommendation of the Audit Committee, the Board of Directors has approved the Audited Financial Results as per Indian Accounting Standards (IND AS) for the Quarter and Year ended March 31, 2019 (enclosed herewith).
- The Board of Directors took note of the Auditor Report of the Statutory Auditors on the Audited Financial Results for the Quarter and Year ended March 31, 2019 (enclosed herewith).
- Mr. Rishikesh Herlekar, Whole-time Director of the Company is appointed as a Chief Financial Officer of the Company w.e.f. May 30, 2019.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the following:

- Statements showing the Audited Financial Results for the quarter & year ended March 31, 2019; and
- Auditors' Reports with modified opinions on Audited Financial Results.

Please take the above on your record and acknowledge the receipt of the same.

Thanking you,

Yours sincerely,

For **OMKAR SPECIALITY CHEMICALS LIMITED**

Sd/-

**SUNNY PAGARE**

**COMPANY SECRETARY & COMPLIANCE OFFICER**

(M.No. F8896)



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## Statement of Audited Financial Result for the Quarter and Year Ended March 31, 2019

Prepared in Compliance with Indian Accounting Standard ( Ind- As)

(Rs. In Lacs except per equity share data)

Sr. No.	Particulars	Quarter Ended			Year Ended on	
		31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
(I)	Revenue from Operations	1,214.42	789.68	3,718.63	4,265.21	19,763.93
(II)	Other income	0.57	37.75	179.72	246.08	368.50
(III)	<b>Total Income (I+II)</b>	<b>1,214.99</b>	<b>827.43</b>	<b>3,898.34</b>	<b>4,511.29</b>	<b>20,132.43</b>
(IV)	Expenses					
	Cost of materials consumed	748.99	349.12	5,228.26	2,608.01	15,578.13
	Purchases of Stock-in-Trade	-	-	1,803.81	211.75	4,354.88
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	(56.57)	129.68	127.25	19.93	1,108.59
	Employee benefits expense	111.02	107.30	201.53	438.33	392.38
	Finance costs	184.05	92.83	773.72	1,461.90	2,612.78
	Depreciation and amortization expense	192.98	201.14	241.46	798.87	815.73
	Other expenses	315.29	266.05	827.70	1,117.60	2,666.21
	<b>Total expenses (IV)</b>	<b>1,495.76</b>	<b>1,146.12</b>	<b>9,203.73</b>	<b>6,656.39</b>	<b>27,528.71</b>
(V)	Profit/(Loss)before exceptional items and tax (III-IV)	(280.77)	(318.69)	(5,305.39)	(2,145.10)	(7,396.28)
(VI)	Exceptional items	-	(993.01)	-	(993.01)	5,258.55
(VII)	<b>Profit / (Loss) before tax (V) - (VI)</b>	<b>(280.77)</b>	<b>674.32</b>	<b>(5,305.39)</b>	<b>(1,152.09)</b>	<b>(12,654.83)</b>
(VIII)	Tax expenses					
	(1) Current tax	-	-	-	-	-
	(2) Deferred tax	211.23	190.98	110.33	535.37	(2,313.93)
	(3) Prior period tax Adjustment	-	-	(65.03)	-	55.91
(XI)	<b>Profit for the period VI= (VII-VIII)</b>	<b>(492.00)</b>	<b>483.34</b>	<b>(5,350.68)</b>	<b>(1,687.46)</b>	<b>(10,396.81)</b>
(X)	Other Comprehensive Income					
	(i) Items that will not be reclassified to profit or loss	4.59	3.19	12.74	14.15	24.86
	<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) (XI+X)</b>	<b>(487.41)</b>	<b>486.53</b>	<b>(5,337.94)</b>	<b>(1,673.31)</b>	<b>(10,371.95)</b>
(XII)	Paid-up Equity Share Capital	2,057.80	2,057.80	2,057.80	2,057.80	2,057.80
	Face Value (of Rs. 10/- each)	10.00	10.00	10.00	10.00	10.00
	Reserve excluding revaluation reserve as per balance sheet of previous accounting year	-	-	-	(19,680.87)	(17,381.05)
(XIII)	Earnings per equity share					
	(1) Basic	(2.39)	2.35	(26.00)	(8.20)	(50.52)
	(2) Diluted	(2.39)	2.35	(26.00)	(8.20)	(50.52)

### Notes :

- The above Standalone Financial Results which are published in accordance with the regulation 33 of SEBI (LODR) Regulations, 2015 have been
- The Company is operating in a single segment i.e. "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-18 as notified by the Companies (Accounting Standards) Rules, 2006.
- After being classified as non-performing asset, the Company is in discussion with its Bankers for restructuring of its current debt inclusive of outstanding interest suitably. Bank of Baroda and Axis Bank have not debited any interest pending the said proposal. Hence, the Company has not provided for interest amounting to Rs.1109.33 lakhs and Rs.525.56 lakhs during the year 31st March 2019 and current quarter on various credit facilities/loans from the said Banks. The accumulated interest of Rs.993.01 lakhs which was provided till September 2018 has been shown as reversed as exceptional items. The Statutory Auditors have qualified their Review Report in respect of the said matter. The necessary net effect shall be given in the books once the banks conclude decision on our proposal
- Company has received notice from one of the bank in respect of delays/default in repayment of principle /Interest, however company is pursuing for an amicable resolution of the same.
- The results for the Quarter and year ended March 31, 2019, periods presented have been audited by the Statutory Auditors of the Company. The statutory auditors have expressed an qualified audit opinion.
- The figures for the previous periods have been re-grouped/re-arranged wherever considered necessary.

Place : Badlapur  
Date : May 30, 2019

For OMKAR SPECIALITY CHEMICALS LIMITED

*Pravin Herlekar*  
PRAVIN HERLEKAR  
CHAIRMAN & MANAGING DIRECTOR

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**AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019**

(Rs. in Lakhs)

Sr. No.	Particulars	As at	As at
		March 31, 2019	March 31, 2018
		(Audited)	(Audited)
<b>I</b>	<b>ASSETS</b>		
	(a) Property, Plant and Equipment	6,817.02	7,598.36
	(b) Capital Work-in-Progress	-	-
	(c) Investment Property	14.14	14.93
	(d) Intangible Assets	12.04	15.83
	(e) Financial Assets	-	-
	(i) Investments	34.87	94.48
	(ii) Loans	23.53	25.38
	(f) Deferred Tax Asset (Net)	1,058.00	1,593.37
	(g) Other Non-Current Assets	639.70	756.81
	<b>Total Non current Assets</b>	<b>8,599.30</b>	<b>10,099.16</b>
	(2) Current assets		
	(a) Inventories	289.82	432.56
	(i) Investments	-	997.14
	(ii) Trade receivables	869.01	1,030.14
	(iii) Cash and cash equivalent	8.24	135.92
	(iv) Bank balance other than (iii) above	8.39	9.87
	(v) Loans	1.19	1.01
	(vi) Other Financial Assets	0.93	-
	(c) Other current assets	942.34	906.01
	<b>Total Current Assets</b>	<b>2,119.92</b>	<b>3,512.65</b>
	<b>TOTAL ASSETS</b>	<b>10,719.22</b>	<b>13,611.81</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	(a) Equity share capital	2,057.80	2,057.80
	(b) Other equity	(16,866.16)	(14,566.35)
	<b>Total equity</b>	<b>(14,808.36)</b>	<b>(12,508.55)</b>
	Liabilities		
	(1) Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	7,432.28	7640.18
	(ii) Other Financial Liabilities	36.41	30.72
	(b) Provisions	53.69	55.18
	<b>Total Non current liabilities</b>	<b>7,522.38</b>	<b>7,726.08</b>
	(2) Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	14,518.08	14631.53
	(ii) Trade payable	2,015.43	1821.29
	(iii) Other financial liabilities	1,120.10	1311.47
	(b) Other current liabilities	58.98	337.62
	(c) Provisions	292.61	292.39
	<b>Total current liabilities</b>	<b>18,005.20</b>	<b>18,394.30</b>
	<b>Total Liabilities</b>	<b>25,527.58</b>	<b>26,120.38</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,719.22</b>	<b>13,611.81</b>

For OMKAR SPECIALITY CHEMICALS LIMITED

PRAVIN HERLEKAR  
CHAIRMAN & MANAGING DIRECTOR  
DIN : 00525610  
Place : Badlapur

Date : May 30, 2019

To  
The Board of Directors  
Omkar Speciality Chemicals Limited

**Auditor's report on Standalone Financial Results of Omkar Speciality Chemicals Limited pursuant to regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We have audited the accompanying Statement containing the audited standalone financial results of **Omkar Speciality Chemicals Limited** ("the Company"), for the quarter and year ended March 31, 2019 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The quarterly standalone financial results are derived figures between the audited figures in respect of the year ended March 31, 2019 and the published year-to-date figures upto December 31, 2018, being the date of end of the third quarter of the current financial year, which were subject to limited review.

The standalone financial results for the quarter and year ended March 31, 2019 have been prepared on the basis of the standalone financial results for the nine-month period ended December 31, 2018, the audited annual standalone financial statements as at and for the year ended March 31, 2019, and relevant requirements of Regulations 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.

Our responsibility is to express an opinion on these standalone financial results based on our review of the standalone financial results for the nine-month period ended December 31, 2018 which are prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the standalone financial statements as at and for the year ended March 31, 2019; and the relevant requirements of the SEBI Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe our audit provides a reasonable basis for our audit opinion.



### **Basis for Qualified Opinion**

- (i) The Company has negative net worth as on 31<sup>st</sup> March 2019. The financial statements have been prepared assuming that the Company will continue as a going concern. Also, the financial results do not include any adjustments that might result from the outcome of the qualifications as per the succeeding paragraphs.
- (ii) We draw attention to note 3 (Three) of the accompanying Statement, with regard to non-recognition of interest expense on borrowings and reversal of accrued and due interest expenses of the company. During the year ended 31<sup>st</sup> March 2019, the company has not provided interest expenses amounting to Rs. 1109.33 lacs and Rs.525.56 lacs for the year ended and quarter ended on 31<sup>st</sup> March 2019 respectively, on various credit facilities/loans and reversed accrued and due interest of Rs.993.01 lacs for the year ended on 31<sup>st</sup> March 2019 which was provided till 30<sup>th</sup> September 2018 which is not in accordance with the requirement of Ind AS 23: 'Borrowing Cost' read with Ind As 109: 'Financial Instruments'. Due to this, loss for the year ended 31<sup>st</sup> March 2019 and quarter ended on 31<sup>st</sup> March 2019 has been understated by Rs. 2102.34 lacs and Rs.525.56 lacs respectively. Therefore, the net loss after tax (Before other comprehensive expenses) would have been Rs.3790.81 lacs for the year ended on 31<sup>st</sup> March 2019 and Rs. 1017.57 lacs for the quarter ended on 31<sup>st</sup> March 2019. The accumulated interest not provided for and reversed till 31<sup>st</sup> March 2019 is Rs.1109.33 lacs and Rs.993.01 lacs respectively.
- (iii) We draw your attention to note 4 (four) of the accompanying Statement with regard to company being in receipt of notice under Section 13 (12) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (Enforcement) Act, 2002. The Company is in default of payment of principal overdue of Rs. 2229.85 lacs and applicable interest thereon towards loan taken from one of its bankers and in receipt of a notice under the mentioned Act on 5<sup>th</sup> March 2019 for immediate payment of the dues. As per the provisions of the mentioned Act and as per the notice, a failure to pay the dues as per the notice within stipulated period may result in physical/symbolic possession of the registered office premises of the Company and claim over hypothecated stock, debtors and book debts as per the terms of contract with the banker. We have prepared the financial statements on a Going Concern basis. The management is in the process of bringing out a rights issue and the management is positive that the proceeds of the rights issue would be utilized to pay off the debts partially and the terms of loan would be re-negotiated and re-structured.
- (iv) The existing software used for inventory records is not satisfactory and does not truly and accurately reflect the valuation of inventory of the Company as on 31<sup>st</sup> March 2019.
- (v) The Internal Financial Control over Financial Reporting (IFCR) in the Company is required to strengthen significantly. Adequate IFCR policies and procedures should be laid down, made operational and overall internal controls and operating effectiveness needs to be strengthened.



## Opinion

Based on our audit conducted as above, *except for the effects of the matters described in the Basis for Qualified Conclusion paragraph above, impact of which cannot be ascertained*, in our opinion and to the best of our information and according to the explanation given to us the annual audited standalone financial results for the year ended 31<sup>st</sup> March 2019 as set out in the Statement:

- (i) gives a true and fair view of the total comprehensive income (comprising of profit and other comprehensive income) and other financial information of the Company for the year ended 31<sup>st</sup> March 2019 is in accordance with the accounting principles generally accepted in India.
- (ii) the Statement, together with notes thereon, are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

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



**Dr. Shashank N. Desai**  
Partner  
M.N.032546



Place: Mumbai  
Date: 30<sup>th</sup> May, 2019

## ANNEXURE I

### OMKAR SPECIALITY CHEMICALS LIMITED

CIN :L24110MH2005PLC151589

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

<b>Statement on Impact of Audit Qualifications for the Financial Results for the financial year ended March 31, 2019 (See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016)</b>				
	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications ( In Lakhs)	Audited Figures (as reported after adjusting for qualifications (In Lakhs)
<b>I</b>	1	Turnover/Total Income	4511.29	4511.29
	2	Total Expenditure (including Tax expenses Rs. 535.37 lakhs)	6198.75	6198.75
	3	Net Profit/(Loss)	(1687.46)	(1687.46)
	4	Earnings Per Share (in Rs)	(8.20)	(8.20)
	5	Total Assets	10719.22	10719.22
	6	Total Liabilities	25527.58	25527.58
	7	Net Worth (including revaluation reserve)	(14808.36)	(14808.36)
	8	Any other financials items(s) (as felt appropriate by the management)	-	-
<b>II</b>	<b>Audit Qualification (each audit qualification separately):</b>			
1	<b>a) Details of Audit Qualification:</b> The Company has negative net worth as on 31st March 2019. The financial statements have been prepared assuming that the Company will continue as a going concern. Also, the financial results do not include any adjustments that might result from the outcome of the qualifications as per the succeeding paragraphs.			
	<b>b) Type of Audit Qualification: Qualified Opinion</b>			
	<b>c) Frequency of Qualification: Third Time</b>			
	<b>d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</b>			
	<b>e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>			
	<b>(i) Management's estimation on the impact of audit qualification:</b>  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 company has got sufficient orders on ongoing basis. 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 28 <sup>th</sup> May 2018.			

	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.
	(ii) <b>If management is unable to estimate the impact, reason for the same:</b> Not Applicable
	(iii) <b>Auditors Comments on (i) or (ii) above: Included in details of audit qualification.</b>
2	<p><b>a) Details of Audit Qualification:</b></p> <p>We draw attention to note 3 (Three) of the accompanying Statement, with regard to non-recognition of interest expense on borrowings and reversal of accrued and due interest expenses of the company. During the year ended 31st March 2019, the company has not provided interest expenses amounting to Rs. 1109.33 lacs and Rs.525.56 lacs for the year ended and quarter ended on 31st March 2019 respectively, on various credit facilities/loans and reversed accrued and due interest of Rs.993.01 lacs for the year ended on 31st March 2019 which was provided till 30th September 2018 which is not in accordance with the requirement of Ind AS 23: 'Borrowing Cost' read with Ind As 109: ' Financial Instruments'. Due to this, loss for the year ended 31st March 2019 and quarter ended on 31st March 2019 has been understated by Rs. 2102.34 lacs and Rs.525.56 lacs respectively. Therefore, the net loss after tax (Before other comprehensive expenses) would have been Rs.3790.81 lacs for the year ended on 31st March 2019 and Rs. 1017.57 lacs for the quarter ended on 31st March 2019 The accumulated interest not provided for and reversed till 31st March 2019 is Rs.1109.33 lacs and Rs.993.01 lacs respectively.</p>
	<b>b) Type of Audit Qualification: Qualified Opinion</b>
	<b>c) Frequency of Qualification: Second Time</b>
	<p><b>d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p> <p>Our account has been classified as non-performing asset by our lenders, the Company is in discussion with its Bankers for restructuring of its current debt inclusive of outstanding interest suitably. Bank of Baroda and Axis Bank have not debited any interest pending the said proposal. Hence, the Company has not provided for interest amounting to Rs.1109.33 lakhs and Rs.525.56 lakhs during the year 31st March 2019 and current quarter on various credit facilities/loans from the said Banks. The accumulated interest of Rs.993.01 lakhs which was provided till September 2018 has been shown as reversed as exceptional items. The Statutory Auditors have qualified their Review Report in respect of the said matter. The necessary net effect shall be given in the books once the banks conclude decision on our proposal</p>
	<b>e) For Audit Qualification(s) where the impact is not quantified by the auditor: NA</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b>
	(ii) <b>If management is unable to estimate the impact, reason for the same:</b> Not Applicable
	(iii) <b>Auditors Comments on (i) or (ii) above: Included in details of audit qualification.</b>
3	<p><b>a) Details of Audit Qualification:</b></p> <p>We draw your attention to note 4 (four) of the accompanying Statement with regard to company being in receipt of notice under Section 13 (12) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (Enforcement) Act, 2002. The Company is in default of payment of principal overdue of Rs. 2229.85 lacs and applicable interest thereon towards loan taken from one of its bankers and in receipt of a notice under the mentioned Act on 5th March 2019 for immediate payment of the dues. As per the provisions of the mentioned Act and as per the notice, a failure to pay the dues as per the notice within stipulated period may result in physical/symbolic possession of the registered office premises of the Company and claim over hypothecated stock, debtors and book debts as per the terms of contract with the banker. We</p>



	have prepared the financial statements on a Going Concern basis. The management is in the process of bringing out a rights issue and the management is positive that the proceeds of the rights issue would be utilized to pay off the debts partially and the terms of loan would be re-negotiated and re-structured.
	<b>b) Type of Audit Qualification: Qualified Opinion</b>
	<b>c) Frequency of Qualification: First Time</b>
	<b>d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</b>
	<b>e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	<b>(i) Management's estimation on the impact of audit qualification: Not Quantified</b>
	<b>(ii) If management is unable to estimate the impact, reason for the same:</b>  Our account has been classified as non-performing asset by our lenders; the Company is in discussion with its Bankers for restructuring of its current debt inclusive of outstanding interest suitably. The Management of the Company is quite confident on concluding the necessary requirements with regards to the restructuring of our facilities as well as bringing in adequate funds as is stipulated in the objects of our Rights Issue given in the Draft Offer document accepted by SEBI and for which lenders have already given NOC.
	<b>(iii) Auditors Comments on (i) or (ii) above: Included in audit qualification.</b>
4	<b>f) Details of Audit Qualification:</b>  The existing software used for inventory records is not satisfactory and does not truly and accurately reflect the valuation of inventory of the Company as on 31st March 2019.
	<b>g) Type of Audit Qualification: Qualified Opinion</b>
	<b>h) Frequency of Qualification: Third Time</b>
	<b>i) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</b>
	<b>j) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	<b>(iv) Management's estimation on the impact of audit qualification: Not Quantified</b>
	<b>(v) If management is unable to estimate the impact, reason for the same:</b>  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 31 <sup>st</sup> March 2019. 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.  However, considering the value of inventory at balance sheet data (i.e. Rs. 289.82 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.  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.
	<b>(vi) Auditors Comments on (i) or (ii) above: Included in audit qualification.</b>

5	<p><b>a) Details of Audit Qualification:</b> The Internal Financial Control over Financial Reporting (IFCR) in the Company is required to strengthen significantly. Adequate IFCR policies and procedures should be laid down, made operational and overall internal controls and operating effectiveness needs to be strengthened.</p>
	<b>b) Type of Audit Qualification: Qualified Opinion</b>
	<b>c) Frequency of Qualification: Third Time</b>
	<b>d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</b>
	<b>e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	<b>(i) Management's estimation on the impact of audit qualification: Not Quantified</b>
	<p><b>(ii) If management is unable to estimate the impact, reason for the same:</b> The auditors have qualified about inadequacies in IFCR policies and procedures and over all Internal Controls. Wherever the weaknesses in the system are being pointed out by the Internal Auditors/statutory auditors, they are regularly and promptly being taken care of. The management has always been receptive, keen, eager and willing to strengthen the Internal Control Systems, if any lacuna/ shortfalls are brought to our notice. With the appointment of CFO, the necessary controls are expected to be brought in place.</p>
	<b>(iii) Auditors Comments on (i) or (ii) above: Included in audit qualification.</b>

**III Signatories:**

**For Omkar Speciality Chemicals Limited**

**For Omkar Speciality Chemicals Limited**

  
**Pravin Herlekar**

**Sd/-**

**Chairman and Managing Director**

**Sitendu K. Sharma**

**Audit Committee Chairman**

**Place : Badlapur**

**Date: 30-05-2019**

**Refer our Audit Report dated May 30, 2019 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: 30-05 2019**

