

OXIDES AND SPECIALITIES LIMITED

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Shareholders of **OXIDES AND SPECIALITIES LIMITED** will be held on Saturday, 15th September, 2012 at 10.00 A.M. at the Registered Office of the Company situated at F/1, MIDC, Lote Parshuram, Taluka Khed, Dist Ratnagiri (Maharashtra) - 415722 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and Audited Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Rajendra Kumar Sancheti, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of Companies Act, 1956, M/s. B K G & Associates, Chartered Accountants, Mumbai, be and is hereby appointed as the Statutory Auditors of the Company in place of retiring auditor M/s. Parekh Shah & Lodha, Chartered Accountants, Mumbai, to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration to be fixed by the Board."

SPECIAL BUSINESS:

4. To consider and if, thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 293(1) (d) of the Companies Act, 1956 and other enabling provisions, if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of moneys for and on behalf of the Company, from time to time from any persons, firms, bodies corporate, bankers, financial institutions, or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties, whether movable or immovable or stock-in process and debts and advances notwithstanding that the sum or sums of moneys so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed shall not exceed Rs 25 crores (Rupees Twenty Five Crores) at any point of time on account of the principal.

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5. To consider and if, thought fit, to pass, with or without modification(s), the following as a **Special Resolution**:

"RESOLVED THAT in furtherance to the resolutions passed earlier at Annual General Meeting held on 29th September, 2011 and pursuant to Section 81, 94, 100 and all other applicable provisions, if any, of the Companies Act, 1956 or any amendments or modifications thereof (including any ordinance or statutory modification, re-enactment thereof for the time being in force) and subject to consent and approvals of and permissions as may be necessary under any statute for time being in force, or any other approvals as may be required from Board for Industrial and Financial Reconstruction (BIFR), consent and approvals of the Company be and are hereby accorded to the Board of Directors of the Company to convert unsecured loan into secured loan and will carry interest @ 3 % per month compounded monthly with retrospective effect and movable and immovable assets of the Company shall be mortgaged in favour of M/s Sunciti Financial Services Pvt Ltd and their associates, subject to the conditions, if, BIFR dissenting to convert unsecured loans into equity shares.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to take all the decision with respect to the same and do all such acts, deeds, matters and things of whatever nature as the Directors in their absolute discretion consider necessary, expedient or proper."

NOTES:

- i. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED WITH COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- ii. Corporate Members intending to send their authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf of the meeting.
- iii. Explanatory Statement as required under section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- iv. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- v. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.

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- vi. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- vii. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturdays, between 10 a.m. and 1 p.m. upto the date of the meeting.
- viii. The Company has notified closure of Register of Member and Share Transfer Books from Wednesday, 12th September, 2012 to Saturday, 15th September, 2012 (both days inclusive).
- ix. Non-Resident Indian Members are requested to inform the Company's Registrar and Transfer Agents, M/s. Bigshare Services Private Limited, immediately of:
 - 1. The change in the residential status on return to India for permanent settlement;
 - 2. The particulars of the Bank Account maintained in India with complete name, branch, and account type, account number and address of Bank with Pin Code Number, if not furnished earlier.
- x. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form2B (which will be made available on request) to the Registrar and Transfer Agent, M/s. Bigshare Services Private Limited.

**By Order of the Board
For Oxides and Specialities Limited**

**Brijmohan Rathi
Director**

Place : Navi Mumbai

Date : August 13, 2012

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 3

M/s. Parekh Shah & Lodha, Chartered Accountants, Mumbai who were the present Statutory Auditors of the Company have expressed their unwillingness to continue as the Statutory Auditors of the Company from the financial year 2012-2013 due to their pre-occupations and have informed the Company that they do not have any objection for appointing any person as Statutory Auditors of the Company from financial year 2012-2013 onwards.

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The Board is of view that M/s. B K G & Associates, Chartered Accountants, Mumbai whose knowledge and experience will be of immense benefit and value to the Company and therefore recommends their appointment as Statutory Auditors of the Company.

None of the Directors of the Company are concerned or interested in the resolution.

ITEM NO. 4

The sanction of the shareholders is sought to permit the Board to borrow moneys in excess of the Company's capital and free reserves. This is permissible under section 293 (1)(d) of the Companies Act, 1956, if the shareholders approve. With the Company's plans for revival and diversification, the Board thinks it necessary to acquire this power and commends passing of this resolution.

None of the Directors are concerned or interested in this resolution proposed to be passed

ITEM NO. 5

In the year 2005-06, arrangements were made with M/s Sunciti Financial Services Pvt Ltd and their associates with to infuse funds into Company for rehabilitation. Accordingly, Sunciti Financial Services Pvt Ltd & their associates have brought in funds by way of unsecured loans for Working Capital as well as long term needs. This loan is to be converted into equity shares of the Company, at par, subject to the BIFR approval. In case, the BIFR approval is not received, the entire amount financed by M/s Sunciti Financial Services Pvt Ltd & their associates will be converted into secured loan and will carry interest @ 3% per month, compounded monthly with retrospective effect, and carry Company's movable and immovable assets shall be mortgaged in their favour. The members are therefore requested to grant their approval and accordingly authorize to the Board.

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

**By Order of the Board
For Oxides and Specialities Limited**

**Brijmohan Rath
Director**

Place : Navi Mumbai

Date : August 13, 2012

OXIDES AND SPECIALITIES LIMITED

DIRECTORS' REPORT

To,

The Members,

Your Directors have great pleasure in presenting the 25th Annual Report together with Statement of Accounts for the financial year ended March 31, 2012.

1. FINANCIAL HIGHLIGHTS

(Rs in Lacs)

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
Sales	0.00	0.00
Other Income	31.37	0.00
Profit /(Loss) Before Depreciation and Tax	(32.73)	(40.44)
Add : Depreciation	(32.33)	(154.39)
Profit /(Loss) Before Tax	(33.68)	(194.83)
Less: Tax	0	0
Profit/(Loss) after Tax	(33.68)	(194.83)
Balance of (loss) brought forward from previous year	(3117.62)	(2922.78)
Balance Carried to P & L Appropriation A/c	(3064.99)	(3117.62)

2. OPERATIONS AND PRODUCTION

During the year under review, the Company could not recommence the production as envisaged, due to very high cost of raw materials and severe financial constraint. Presently all production related activities are suspended. We have reduced the work force to keep the cost at minimum.

3. DIVIDEND

In view of the continuing losses your Directors regret that they cannot recommend dividend for the year.

4. FIXED DEPOSIT

The Company has not accepted any Fixed Deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under during the year under review.

5. BIFR RELATED UPDATES

The Draft Rehabilitation Scheme (DRS) submitted by the Company is pending with the Hon'ble BIFR for its approval.

6. FUTURE BUSINESS PLANS OF THE COMPANY

In view of the unviable situation of existing products namely MIO and Ferrous Fumarate, the Company is planning to diversify to other products such as dyes and intermediates.

Efforts are being made to utilize the plant facilities as well as equipment of this plant for production of dyes and intermediates. We have initiated actions to augment these facilities by addition of some more reactors, filters, and some balancing equipments, so that the combined facilities thus created would be utilized for production of Dyes and Intermediates. These are in advance stage of installation/procurement.

For cost effective production of Yellow Pigment we have identified new source, which will reduce and optimize cost of production. The laboratory trials with this are on, and initial results are encouraging. Once the trials are successful we may be able to use the existing facilities with addition of few types of equipment for production of Yellow Pigment.

The Company is in process of restarting the operations of the Company as early as possible.

7. DIRECTORS

Mr. Rajendra Kumar Sancheti, Director of the Company retires by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting. The information on particulars of Directors seeking re-appointment as required under Clause 49 of the Listing Agreement executed with the Stock Exchange has been given under the Corporate Governance Section of this Report.

8. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibilities Statement, it is hereby confirmed:

- i) that in the preparation of accounts for the period ended 31st March, 2012, the applicable Accounting Standards have been followed and there are no material departures:
- ii) that the selected Accounting Policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the year end and profit of the Company for that period;

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- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) that the accounts have been prepared on a going-concern basis.

9. AUDITORS AND AUDITORS' REPORT

The present Statutory Auditors of the Company, M/s. Parekh Shah & Lodha, Chartered Accountants, Mumbai, have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company on their retirement at the forthcoming Annual General Meeting. The Board has accepted the same and is in process of finalizing new Statutory Auditors.

The observation made by the Statutory Auditors in their report are self explanatory and do not need any further clarification.

10. COST AUDIT

M/s C. G. Pampat & Co, Cost Accountants, Mumbai have been appointed as the Cost Auditors of the Company for the financial year 2011-12 in respect of 'Magnetic Iron Oxide, Pigment and Synthetic Iron Oxide' manufactured by the Company.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is attached as Annexure A

12. CORPORATE GOVERNANCE

Pursuant to Clause 49 of Listing Agreement with Bombay Stock Exchange, Management Discussion and Analysis, a report on Corporate Governance and Certificate from the Auditors of the Company regarding compliance of the condition of corporate governance by the Company is attached to this Annual Report.

Further, a declaration signed by the member of the Board affirming compliance with the Code of Conduct by all Board members and Senior Management Personnel is attached to this report.

13. LISTING WITH STOCK EXCHANGE

The Equity Shares of the Company are listed with the Bombay Stock Exchange Limited. The application for revocation of Suspension of trading is pending with the Exchange.

14. DEMATERIALISATION OF SHARES

Company has dematerialized its shares with both depositories viz. CDSL and NSDL.

16. PERSONNEL

During the year under review, there were no employees receiving remuneration of or in excess of limits prescribed as per the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

16. ACKNOWLEDGEMENTS

Your directors express their thanks and appreciation for the Cooperation they received from various Government authorities. The Directors also wish to thank and place on record its appreciation for all the employees for the Company.

**By Order of the Board
For Oxides and Specialities Limited**

**Brijmohan Rathi
Director**

Place : Navi Mumbai

Date : August 13, 2012

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ANNEXURE 'A'

ANNEXURE TO THE DIRECTOR'S REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

A. CONSERVATION OF ENERGY

There is no power conservation as production activities are suspended.

Form A of the Annexure to the Rules is not applicable as the company is not covered under the list of specified industries.

B. TECHNOLOGY ABSORPTION

- a. Efforts, in brief made towards technology, absorption, Adaption and innovation
- The Technology received from collaborators has been fully absorbed and adopted to Indian condition.

- b. Benefits derived as a result of the above efforts -

Complete range of Magnetic Iron Oxides produced for audio, video, Computer tapes and floppies. No Production

- c. Details about imported technology imported during the last five years reckoned from the state of beginning of financial year. Not Applicable

C. RESEARCH AND DEVELOPMENT (R&D)

- | | |
|---|-----|
| a. Specific areas in which R&D carried out by the Company | Nil |
| b. Benefit derived as a result of the above R & D | Nil |
| c. Future plan of action | Nil |
| d. Expenditure on R & D | Nil |

D. FOREIGN EXCHANGE

Earnings through Exports	Nil
Outgo	Nil

**By Order of the Board
For Oxides and Specialities Limited**

**Place : Navi Mumbai
Date : August 13, 2012**

**Brijmohan Rathi
Director**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRIAL STRUCTURE AND DEVELOPMENT:

The main product of the company is Magnetic Iron Oxide (MIO) also known as Gamma Ferric Oxides (GFO) used for coating polyester films to make Magnetic Tapes for use in audio, video, data in computer applications including for swipe cards of toners. However, the production of MIO remains suspended, as there is no demand for this product.

The company had also diversified into the manufacture of Ferrous Fumarate and Iron Oxides yellow pigments and dyes. However, the company has yet to achieve full production.

OPPORTUNITIES AND THREAT:

Products like Ferrous Fumarate are getting replaced by cheaper ferrous sulphate globally, as iron supplement leading to erosion in growth of Ferrous Fumatate business. Iron Oxides Pigment manufactured by the Company is a high end product with limited application in high cost paint.

In view of the unviable situation with the existing product portfolio and current financial situation, an alternative arrangement has been worked out with M/s Sunciti Financial Services Private Limited, and the later has agreed to infuse fresh funds in the company to fund the startup expenses and the working capital to restart operations.

SEGMENTATION OR PRODUCT WISE PERFORMANCE:

Yellow pigment trial runs and batches for Yellow Pigment were taken up. However due to product quality and financial constraints the operations could not be sustained.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The internal control system is well structured and ensures optimum use of resources and safeguards the assets. The Company follows pre-defines rules and procedures.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Presently all production related activities remain suspended and consequently, the financial performance of the Company has been adverse.

DEVELOPMENT IN HUMAN RESOURCE / INDUSTRIAL RELATIONS FONT:

The industrial relations were cordial considering the stressful circumstances.