

Lords Chemicals Limited

Annual Report 2009-2010

BOARDS OF DIRECTORS

Ajay Kumar Jain	Managing Director
Partha Majumdar	Whole Time Director
Navin Kr. Jain	Director
Raghu Nath Adhya	Director
Amar Sinha Ray	Director
Rakesh Dubey	Director

BANKERS

Bank of India
State Bank of India
HDFC Bank Ltd.,
The Federal Bank Ltd.

AUDITORS

BLA & Associates
Chartered Accountants
21, Hemanta Basu Sarani, 3rd Floor
Room No. 324, Kolkata-700001

REGISTERED & CORPORATE OFFICE

48A, Park Street, 5th Floor
Kolkata - 700 016
India

PLANT

- 1) 46 & 47A Uluberia
Industrial Growth Centre
Uluberia, Birshibpur, Howrah
- 2) 27P, Uluberia
Industrial Growth Centre
Uluberia, Birshibpur, Howrah

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of **LORDS CHEMICALS LIMITED** will be held at its Registered Office at 48A, Park Street 5th Floor Kolkata -700 016 West Bengal on Wednesday, the 29th September, 2010 at 10.00 A.M. to transact the following business

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31 st March 2010 and the Profit and Loss Account for the year ended 31 st March, 2010 and the Reports of the Directors and the Auditors, thereon.
2. To appoint a Director in place of Mr Raghu Nath Adhya who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rakesh Dubey who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration -

“RESOLVED that Messrs P. D. Rungta & Company-Chartered Accountants, be and are hereby appointed as Auditors of the Company pursuant to Section 224 of the Companies Act 1956 from the conclusion of the Annual General Meeting till the conclusion of next Annual General Meeting and that their remuneration be fixed by the Board of Directors in place Messrs BLA & Associates - Chartered Accountants, who are not seeking re-appointment”

By the order of the Board
For **Lords Chemicals Limited**

Sd/-
Jitendra Tiwari
Company Secretary

Kolkata, Dated - August 13, 2010

NOTES:**1. Proxy:**

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF /HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- (b) **PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING,**
- (c) **Corporate members intending to send their authorized representative to attend the Meeting are requested to ensure that the authorized representative carries a certified copy of the Board Resolution, Power of Attorney or such other valid authorizations, authorizing them to attend and vote on their behalf at the Meeting**

2. Book Closure :

- (a) The Register of Members & Share Transfer Books of the Company will remain closed from Friday 24th September, 2010 to Wednesday, 29th September 2010 (both days inclusive) for the purpose of Annual General Meeting.
- (b) Members of the Company holding more than one Share Certificate in the same name under different Ledger Folios, are requested to apply for consolidation of such Folios and send the relevant equity share certificates to the Company's Registrar & Share Transfer Agent **Niche Technologies Private Limited**, D 511, Bagree Market, 5th Floor, 71, Biplabi Rash Behari Basu Road, Kolkata -700001.

3. Change of Address :

Members holding shares in physical mode are requested to intimate changes in their address / bank mandate to the company or to Registrar & Share Transfer Agent **Niche Technologies Private Limited**, D 511 Bagree Market, 5th Floor, 71, Biplabi Rash Behari Basu Road, Kolkata- 700 001. Members holding shares in electronic mode are requested to send the intimation for change of address/bank mandate to their respective Depository Participants.

4. Dividend :

- i) Members holding shares in electronic form may please note that (a) the dividend, when declared, will be credited to their respective Bank Accounts as furnished to the respective Depository Participants, through Electronic Clearing Service (ECS), where this facility is available; (b) in other cases. Bank details as furnished to the respective Depository Participants will be printed on the Dividend Warrants as per the applicable regulations. The Company shall not entertain any director request from such Members for deletion of/ change of such Bank details. Further, it may be noted that instructions, if any, already given by the Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on their holdings in electronic form.

Contd...

- ii) Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail of the benefits of dematerialization which include easy liquidity since trading is permitted only in dematerialized form, electronic transfer, savings in stamp duty, prevention of forgery etc.

5. Nomination Facility:

Pursuant to Section 109A of the Companies Act, 1956 individual Shareholders holding shares in the Company singly or jointly may nominate an individual to whom all the rights in the shares of the Company shall vest in the event of death of the sole / all Joint shareholders. Members may kindly get in touch with the Secretarial Department at the Company's Registered Office, for inquiries in this regard

6. Attendance at A.G.M. :

- (a) Members or their respected proxies are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- (b) Members desirous of getting any information on the Annual Accounts, at the Annual General Meeting, are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.
- (c) Members who held shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who held shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the meeting.
- (d) Members of their respective proxies are requested to note that no gifts/coupons shall be distributed at the Annual General Meeting.

7. Brief Resume :

Brief resume of the Directors proposed to be appointed/re-appointed are enclosed as Annexure A to this Notice as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

Regd. Office :
48A Park Street
5th Floor
Kolkata-700 016

For Lords Chemicals Limited

Sd/-

Jitendra Tiwari
Company Secretary

Date : August 13, 2010

Details of the Directors seeking re-appointment in forthcoming Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri Raghunath Adhya	Shri Rakesh Dubey
Date of Birth	10th April, 1949	21st January, 1969
Date of Appointment	29th August, 2005	29th August, 2005
Expertise in Specific Functional Areas	Chemical Operations and Extrusions Engineering	Expert in the legal matters
Qualifications	B.E. Mechanical	B.Com, LLB
Directorship held in other public companies (excluding foreign companies)	None	None
Shareholdings in the Company	Nil	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 18th Annual Report for the financial year ended 31st March, 2010.

1. FINANCIAL HIGHLIGHTS :

(AMOUNT IN ₹)

Particulars	2009-2010	2008-2009
Total Income	20,89,07,164.38	27,65,81,297.44
Total Expenditure	20,03,34,249.29	26,93,45,331.41
Profit Before Tax	85,72,915.09	72,35,966.03
Profit After Tax	55,00,364.09	46,22,385.03
Provision for Deferred Tax & Taxes of earlier year	(3,98,849.00)	412,022.00
Balance brought forward from previous year	28,94,596.97	(17,27,788.06)
Dividend	20,20,000.00	—
Dividend Tax	3,35,497.00	—
Balance carried to Balance Sheet	60,39,464.06	28,94,596.97

2. REVIEW OF PERFORMANCE :

The severe downturn witnessed in the previous year was averted and macro economic factors showed signs of recovery. It has its impact on the business of your Company

Your Company could achieve Sales of approximately ₹ 20,77 crores for the financial year but at the same time your company could check the expenses resulting in Profit after tax of ₹ 55.00 lacs as compared to ₹46.22 lacs in the previous year. A detailed analysis of the performance is given in the Management Discussion and Analysis Report appended hereto.

3. DIVIDEND :

Your Directors take the pleasure in recommending payment of maiden dividend of 5% (₹ 0.50 per share) for the year 2009-2010 subject to approval of shareholders.

4. DIRECTORS :

During the year under review, the following

changes have taken place amongst of the Board of Directors —

- i. Mrs. Nirajita Srinivasan, the Nominee of Small Scale Industrial Development Bank of India (SIDBI) resigned as a Director of the Company w.e.f. 16.09.2009.
- ii. Mr Raghunath Adhya-Non-Executive Director retires by rotation at the forthcoming AGM and being eligible offers himself for re-appointment.
- iii. Mr Rakesh Dubey-Non-Executive Independent Director retires by rotation at the forthcoming AGM and being eligible offers himself for reappointment.

Brief details of Directors proposed to be re-appointed are provided in the Notice of Annual General Meeting.

5. DIRECTORS' RESPONSIBILITY STATEMENTS :

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm having :

- followed in preparation of the Annual Accounts, the applicable accounting standards and that no material departures have been made from the same;
- selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and the profit of your company for that period;
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the aspects of your Company and for preventing and detecting fraud and other irregularities; and
- prepared the annual accounts on a going concern basis.

6. CORPORATE GOVERNANCE :

Your Directors re-affirm their commitment to the Corporate Governance Report as prescribed by Securities & Exchange Board of India (SEBI). A separate section on Corporate Governance together with Certificate of the Auditors of the Company regarding compliance of the Corporate Governance requirements as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) forms a part of the Annual Report.

7. FIXED DEPOSIT :

Your Company has not accepted any fixed deposits from public as defined U/s 58A of the Companies Act, 1956 As such, no amount of principal or Interest is outstanding as on the balance sheet date.

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

The details as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in report of the Board of the Director) Rules, 1988 are as under.

(i) Conservation of Energy :

The Company continues to give emphasis on conservation of energy. The efficiency of energy utilization is closely monitored to attain a high level of effective conservation. Some of the measures adopted by the Company are mentioned below :

- (1) The boilers are run by Husk and it has saved substantial cost.
- (2) The plant has optimized the process of energy balance and facilitated overall energy conservations in plant operation.

However, the Company has made no investments in this regard and there is no proposal.

Technology Absorption :

The plant is being run by continuous Rotary Kin capacity.

No technology has been imported by your Company during the last 5 years.

(ii) Foreign Exchange :

Particulars of earning and outgo of foreign exchange are given in Note on Accounts in Schedule of the Accounts.

9. PARTICULARS OF THE EMPLOYEES :

There are no employees drawing salary exceeding the limits specified U/S 217(2A) of the Companies Act, 1956.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Management's Discussions and Analysis Report forming part of the Directors Report for the year under review as stipulated under Clause 49 of the Listing Agreement for the Stock Exchange(s) forms a part of the Annual Report. The report provides strategic direction and more detailed analysis on the performance of business and its outlook.

11. AUDITORS :

M/S BLA & Associates, Chartered Accountants were appointed as Statutory Auditors of your Company to conduct the audit of accounts for the year ended 31st March, 2010. Their term of appointment expires at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

However, Messrs BLA & Associates - Chartered Accountants, Statutory Auditors of the Company have expressed their unwillingness to continue as Auditors of the Company for the year ending 31st March 2011. The Audit Committee of the Company at their meeting held on 13th, August, 2010 has approved the appointment of Messrs P. D. Rungta & Co-Chartered Accountants as Statutory Auditors of the Company to hold the office until the conclusion of the next Annual General Meeting of the Company on

a remuneration approved by the Board of Directors at their meeting held on 13th August, 2010. Messrs P D Rungta & Co. - Chartered Accountants has confirmed to the Company that if appointed, their appointment would be within the overall limit. The Directors of the Company have proposed for the appointment of Messrs P D Rungta & Co as Auditors at the forthcoming Annual General Meeting.

The Notes on Accounts referred to the Auditors' Report are self-explanatory and therefore does not call for any further comment.

12. HUMAN RESOURCES :

The Human Resource function constantly endeavors on high performance. Your Company has put a renewed emphasis on training and alignment. Communication within the company has also stepped up.

13. ACKNOWLEDGEMENTS :

Your Board of Directors place on record their sincere appreciation for assistance and guidance provided by Central & State Governments. Your employees are instrumental in your Company to scale new heights year after year and their commitment and contribution is deeply acknowledged. Your involvement as shareholders is greatly valued. Your Board of Directors look forward to your continuous support.

For and on behalf of the Board

Ajay Kumar Jain
Managing Director

Navin Kumar Jain
Director

Kolkata, Dated - August 13, 2010

MANAGEMENT DISCUSSION AND ANALYSIS :

1. INDUSTRY TRENDS & DEVELOPMENT

Your Company is engaged in the production of Sodium Dichromate and Chromic Acid. The performance of your Company has been good keeping in mind the severe downturn witnessed in the previous years. The recovery of economy at all levels is expected to help your Company to improve its base across geographical areas and client segments

2. OPPORTUNITIES & THREATS

The Industry suffers due to heavy taxation and over regulations. The fortunes of your Company are largely dependent on the prevailing prices in the Domestic market and as competition from multinationals and unlicensed manufacturers has also increased and the same is affecting the margins and restricting the sales. However, the new Iron & steel industry set up in eastern part is expected to increase the demand for Company's products.

3. BUSINESS REVIEW / SEGMENT-WISE PERFORMANCE

The financial statements for the year ended have been prepared on a going concern basis. The recession in economy has its impact on Company's business and the sales have decreased considerably during the year. The Research Division of the Company is expected to come out with valuable suggestions.

4. RISKS & CONCERN

The major risk for Sodium Dichromate and Chromic Acid continues to be the lack of demand as a result of slowdown in Iron & Steel industry. Although, the production in Iron & Steel industry is once again on the growth path but any negativity in the global economic recovery will once again put pressure in the demand for Company's products. Fluctuating interest rate continues to be a major concern and at the same time reduction in import duty will also become an area of concern in the times to come.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your company has instituted adequate internal control systems commensurate with its size and scale of operations. The Audit Committee periodically reviews such systems with the help of internal and Statutory Auditors and reports to the Board on its adequacy.

6. FINANCIAL PERFORMANCE

The global economic meltdown which had adversely affected the operations of the Company in the second half of 2008-09 continues to have a negative impact in the first quarter of current year also. However, the prices as well as demand for Company's products have improved gradually thereafter and resulting in increased profit for the year under review. The Company has declared maiden dividend and is expected to reward its shareholders in future also.

7. FUTURE OUTLOOK

The demand for Company's products during the year was subdued in the first half as a result of the continuing effect of the global financial meltdown which saw stainless steel production cutting back sharply on off-take, However with an economic recovery clearly visible in the second half of the year, the demand of the Company's products has also witnessed positive growth. Given the increasing demand and the positive Impact there-off on prices, your Company reverts the cut-back in output and ended the year under review with operations at pre-crisis levels.

8. HUMAN RESOURCE MANAGEMENT

Industrial Relations during the year under review were cordial and peaceful. Your

Directors wish to place on record the excellent cooperation and contribution made by the employees at all levels and towards overall development of the Company.

9. CAUTIONARY STATEMENT

Statements in the Management Discussion & Analysis describing the Company's objectives, expectations or projections may be forward looking statement within the meaning of applicable securities, laws and regulations, Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include global and Indian demand supply conditions, finalized goods prices, changes in Government regulations tax regimes, economic development within India.

COPORATE GOVERNANCE REPORT

1. COMPANY'S POLICY ON CORPORATE GOVERNANCE

The Company believes that good Corporate Governance practices enable a company to draw and augment financial and human capital and leverage these resources to maximize long - term shareholder's value and preserve the interests of multiple stakeholders, including society at large. Our governance practices are a product of self - desire reflecting the culture of the trusteeship i.e. deeply ingrained in our value system and reflected in our strategic thought process.

Compliance with Corporate Governance Guidelines :

The Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement formulated by the

Securities and Exchange Board of India. Your Company's compliance with requirements is presented in the subsequent sections of this Report.

2. BOARD OF DIRECTORS

2.1. Composition of the Board :

Your Company's Board of Directors consists of 6 Directors, out of which 3 are Independent., 2 are Whole-time (including a Managing Director) and 1 is Promoter Director. The Board structure is in Compliance with Clause 49 of the Listing Agreement.

The details of the directors with regards to the other Indian directorships (other than Section 25 Companies), positions in either Audit Committee or Shareholder's/Investor Grievance Committee as well as attendance at Board Meeting/Annual General Meeting are as follows :

SL No.	Name of Directors	Category	No. of other Directorship(s) held		No. of other Companies Committee Position held		No. of Board Meetings		Atte nded Last AGM	No. of shares held in the Company as on 31.03.2010
			Public	Private	Chairman/ Chair person	Member	Held	Atten- ded		
1.	Mr. Ajay Kumar Jain Managing Director	Executive/ Promoter	2	2	-	-	6	6	Yes	98400
2.	Mr. Partha Majumder	Executive/Whole- Time Director	-	-	-	-	6	6	Yes	NIL
3.	Mr. Navin Kumar Jain	Non-Executive Promoter	2	2	-	-	6	6	Yes	98900
4.	Mr. Raghu Nath Adhya	Non-Executive/ Independent	-	-	-	-	6	6	Yes	NIL
5.	Mr. Amar Sinha Ray	Non-Executive/ Independent	-	1	-	-	6	6	Yes	NIL
6.	Mr. Rakesh Dubey	Non-Executive/ Independent	-	1	-	-	6	6	Yes	NIL
7.	Mrs. Nirajita Srinivasan	Non-Executive/ Independent	NA	NA	NA	NA	3	-	No	NIL

Note :

- Independent Director means a Director defined as such under Clause 49 of the Listing Agreement.
- Mrs. Nirajita Srinivasan, the Nominee of Small Industrial Development Bank of India (SIDBI), resigned as a Director of the Company w.e.f. 16.09.2009
- Only the three committees viz. the Audit Committee, the Remuneration Committee and the Shareholders/Investor Grievance Committees are considered.

Investor Grievance Committees are considered

d. N.A. means Not Available

2.2 Non Executive Directors' Compensation and Disclosure:

Sitting fees for attending meeting of Board/ Committee is paid as per the provisions of Articles of Association of the Company. No commission is being paid to the non-executive directors. Details of sitting fees paid to them are given separately In this section of Annual Report.

2.3 Other provisions as to Board and Committees:

The Company's Board of Directors play

primary role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibility and accountability are yearly defined. All relevant Information (as mandated by the regulations) is placed before the Board The Board reviews compliance reports of all the laws as applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussions. The details of Board meetings held during the FY 2009-2010 are as outlined below :

Date of Board Meeting	City	No. of Directors present
30.04.09	Kolkata	6 out of 7
27.07.09	Kolkata	6 out of 7
06.08.09	Kolkata	6 out of 7
16.09.09	Kolkata	6 out of 6
31.10.09	Kolkata	6 out of 6
30.01.10	Kolkata	6 out of 6

2.4 Re-appointment of Directors :

The Directors Mr. Raghunath Adhya and Mr. Rakesh Dubey shall retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment The brief resume and Information relating to these Directors as required under Clause 49 of Listing Agreement with Stock Exchanges are furnished as part of the Notice convening the Annual General Meeting.

3. Code of Conduct :

The Board of Directors of the company play an important role in ensuring good corporate governance and have laid down the Code of Conduct applicable to all members of board of directors and senior executives of the Company. A declaration by Managing Director affirming the compliance of the code of conduct by Board Members and Senior

Management Executives is also annexed separately in this Annual Report. The code of conduct is also posted on the website of company.

4. Audit Committee :

Your company has an Audit Committee at the Board level which acts as a link between the Management, the Statutory and Internal Auditors and the Board of Directors and oversees the financial reporting process.

The Audit Committee have three directors as members, with two-thirds of its members being independent directors. All members of audit committee are financially literate and one of the member's has accounting or related financial management expertise. The Chairman of the Audit Committee is an Independent director and present at Annual General Meeting to answer shareholder

queries The Company Secretary acts as the secretary to the committee. During the year, the Audit Committee met 4 times to deliberate

on various matters and details of the attendance of the Committee members are as follows:

Name of Director	Category	No. of meetings held	No. of meetings attended
Mr. Amar Sinha Roy–Chairman	Non-Executive Independent Director	4	4
Mr. Raghunath Adhya	Non-Executive Independent Director	4	4
Mr. Rakesh Dubey	Non-Executive Independent Director	4	4
Mr. Jitendra Tiwari-Company Secretary	Secretary to the Committee	4	4

The Managing Director of the Company is permanent invitee to the meetings of the Committee The statutory as well as internal auditors of the Company are also invited to the Audit Committee Meetings.

The Audit Committee at its meeting on 13th August, 2010 has approved the appointment of Messer's P D Rungta & Co. as Auditors of the Company on remuneration to be fixed by the Board of Directors in place of Messer's BLA & Associates-Chartered Accountants, who are not seeking re-appointment The Audit Committee in the aforesaid meeting and Board of Directors of the Company at their meeting held on 13th August, 2010 have appointed Messer's P.D Rungta and Co as Auditors of the Company from the conclusion, of this Annual General Meeting till the conclusion of next Annual General Meeting subject to the approval of shareholders. All members of the committee attended the meeting.

The scope of the functioning of the Audit Committee is to review, from time to time the internal control procedures, the accounting policies of the Company and such other functions as may be recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act 1956 which *inter alia* Include review of :

- a. Management discussion and analysis of financial condition and results of operations.
- b. Statement of significant related party transactions submitted by the management;
- c. Management letters/letters of internal control weaknesses Issued by the statutory auditors;
- d. Reviewing with the management, performance of statutory & internal auditors and adequacy of internal control system.
- e. Discussion with internal auditors regarding any significant findings and follow up thereon.

5. Remuneration Committee

The Company has set up a Remuneration Committee which comprises of Mr Raghunath Adhya an Independent Director-Chairman & Mr Rakesh Dubey and Mr Amar Sinha Ray-both Independent Directors as its members.

The terms of reference of the Remuneration Committee include the followings;

- a) to determine and recommend to the Board of Directors the remuneration package for the Managing Director and other Executive Directors including Whole-time Director and periodical revisions thereof,
- b) in the event of loss or inadequacy of profits in any year, to approve the

minimum remuneration payable to the Managing Director and other Executive Directors within the limits and subject to the parameters prescribed in Schedule XIII of the Companies Act, 1956.

During the year the Remuneration Committee had the following meetings:

On 30th April, 2009 to approve the re-appointment of Managing Director of the Company on same remuneration as fixed earlier upto 1st September 2009 and increase of Remuneration from, 1st October 2009.

The Shareholders at the Extra-Ordinary General Meeting held on 28th May 2007 had appointed Mr Partha Majumder as the Whole-Time Director of the Company for a period of 5(five) years commencing from 1st December 2006 and ending on 30th November 2011, with a

monthly remuneration of ₹ 10,000/- only without any other perquisites and with annual increment as may be mutually agreed between the Company and Mr Partha Majumder.

On 30th January, 2010 the Remuneration Committee met to revise and enhance the remuneration of Whole-Time Director of the Company.

The Remuneration Committee in the aforesaid meeting and Board of Directors of the Company at their meeting held on 30th January, 2010 have revised and enhanced the remuneration of Mr Partha Majumder Whole-Time Director of the Company w.e.f 1st February, 2010 from ₹ 10,000/- per month to ₹ 25,000/- per month for the remaining period of his tenure. All members of the committee attended the meeting and details of the attendance of the Committee members are as follows :

Name of Director	Catagory	No. of meetings held	No. of meetings attended
Mr. Raghunath Adhya Chairman	Non-Executive Independent Director	2	2
Mr. Rakesh Dubey	Non-Executive Independent Director	2	2
Mr. Amar Sinha Ray	Non-Executive Independent Director	2	2
Mr. Jitendra Tiwari Company Secretary	Secretary to the Committee	2	2

6. Subsidiary Companies

Since the Company has no Subsidiary Company, the Provisions of Listing Agreement In this regard is not applicable to the Company.

7. Disclosures :

(A) Basis of related party transactions:

None of the transactions with any of the related parties were in conflict with the interest of the Company.

The Company places all the relevant details before the Audit Committee from

time to time. Particulars of related party transactions are listed out in Notes on Accounts forming part of the Annual Report.

The Company's related party transactions are entered into based on consideration of the various business exigencies such as synergy in operation, optimization of Company's resources, legal requirements, liquidity and capital resources.

All related party transactions are negotiated on arms length basis and are only intended to further the interest of the Company.

(B) Disclosure of accounting treatment:

The Company has followed all relevant Accounting Standards while preparing the financial statements.

(C) Risk Management:

The Company has developed comprehensive risk management-policy and it is reviewed by the Audit Committee, which in turn, informs the Board about the risk assessment and minimization procedures. With a view to strengthen the risk management framework and to continuously review and reassess the risks that the businesses of the Company are confronted with, the Board of Directors are planning to constitute a Risk Management Committee comprising of the Whole-time Director and the Managing Director. The Committee will review the business risks and mitigation plans on a regular basis.

(D) Proceeds from public issues, right issues, preferential issues etc.:

The Company has not raised any money through public issue, right issue and preferential issue during the year.

(E) Remuneration of Directors:

The Company has a system where all the directors or senior management of the Company are required to disclose all pecuniary relationship or transactions with the Company. No significant material transactions have been made with the non-executive directors vis-a-vis the Company.

Apart from sitting fees of ₹ 500/- per meeting of the Board or Committee thereof, the Company is not paying any commission to the non-executive Directors.

Executive Directors are paid remuneration 'within the limits envisaged under Schedule XIII of the Companies Act, 1956. The remuneration payable is approved by Board as well as the Shareholders of the Company.

The details of Remuneration to the Directors :-

Sl. No.	Name of Director	Salary & allowance etc	Performance linked income/bonus paid/commission payable	Sitting fees paid
	Whole-Time Director :			
1.	Mr. Ajay Kumar Jain	3,90,000/-	-	-
2.	Mr. Partha Majumder	1,50,000/-	-	-
	Others :			
3.	Mr. Navin Kumar Jain	-	-	3,000/-
4.	Mr. Amar Sinha Ray	-	-	6,000/-
5.	Mr. Raghu Nath Adhya	-	-	6,000/-
6.	Mr. Rakesh Dubey	-	-	6,000/-
7.	Mrs. Nirajita Srinivasan	-	-	-

Note:

a. No Director is related to any other Director on the Board except Mr Navin Kumar Jain and Mr Ajay Kumar Jain who are brothers.

- b. The Company has a policy of not advancing any loans to its Directors.
- c. The appointment of Managing/Whole Time Directors is subject to termination by three months notice in writing by either side.

(F) Management:

The Management Discussion and Analysis Report, published as a separate section of this report is prepared in accordance with the requirements laid out in Clause 49 of the Listing Agreement and forms part of the Annual Report.

(G) Shareholders:

The Company is regularly providing details of new Directors and Directors seeking re-appointment in the Notice of Annual General Meeting attached with the Annual Report.

Quarterly presentations on the Company results are available on the website of the Company. The hard copies are also sent to concerned stock exchanges simultaneously so as to enable them to put them on their notice board/website.

8. Shareholder's Grievance Committee:

The Company has a "Shareholders' Grievances Committee" comprising of 3(three) Directors. The Committee looks into various issues relating to shareholders including transfer and transmission of shares as well as non-receipt of dividend, Annual Report shares after transfers and delays in transfer of shares. In addition, the Committee looks into other issues including status of dematerialization/rematerialization of shares as well as systems and procedures followed to track Investor complaints and suggest measures for improvement from time to time.

During the year under review, no meeting of the Committee was held.

The Company Secretary is the Compliance Officer of the Company and also responsible for redressal of investor complaints.

The Company's shares are compulsorily traded and delivered in the dematerialized form in all Stock Exchanges. To expedite the transfer in the physical segment, necessary authority has been delegated to officers, who are authorized to transfer up to 2,500 shares under one transfer deed. Details of share transfers/transmission approved by the officers are placed before the Committee from time to time.

Details of complaints received, number of shares transferred during the year time taken for affecting these transfers / and the number of share transfers are given in the Shareholder Information selection of this Annual Report.

9. CEO/CFO Certification :

The CEO and CFO Certification of the financial statements and the cash flow statement for the year is enclosed separately at the end of the report.

10. Report on Corporate Governance :

A separate section on Corporate Governance forms part of the Annual Report. Certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges in India forms part of this report.

11. General Body Meetings :

Detail of General Meetings :

Location and time, where 3 Annual General Meetings (AGM) last and Extra Ordinary General Meetings (EOGN) held :

Year	AGM/EOGM	Location	Date	Time
2008-09	AGM	Registered Office	23.09.2009	10-00 A.M.
2007-08	AGM	-do-	27.09.2008	10-00 A.M.
2007-08	EOGM	-do-	28.05.2007	11-00 A.M.
2006-07	AGM	-do-	28.09.2007	10-00 A.M.

- a. No Resolution has been passed by Postal Ballot during the year.
 b. No Special Resolution has been passed in last 3 (three) AGMS.

12. Means of Communication

The quarterly, half-yearly and annual results are published in leading newspapers which include Business Standard and Arthik Lipi etc. The same are also sent to Sock Exchanges.

Website, where the information is displayed : www.lordschemicals.com
 Whether it also displays official news releases : No
 General Shareholder information : Forms part of this report.

13. GENERAL SHAREHOLDERS INFORMATION :

13.1 Annual General Meeting

Day & Date : Wednesday, 29th September, 2010
 Time : 10.00 A.M.
 Venue : 48A, Park Street, 5th Floor
 Kolkata - 700 016

13.2 Financial Calendar

- Financial reporting for the first quarter ending June 30, 2010 : End July, 2010
- Financial reporting for the second quarter ending September 30, 2010 : End October, 2010
- Financial reporting for the third quarter ending December 31, 2010 : End January, 2011
- Financial reporting for the fourth quarter ending March 31, 2011 : End April, 2011
- Annual General Meeting for the year ended 31st March, 2011 : End September, 2011

13.3 Date of Book Closure : 24th September, 2010 to 29th September 2010
 (Both days inclusive)

13.4 Dividend Payment Date : The Board has proposed Dividend of 5% on ₹ 10 Fully Paid up Equity Shares for the Financial Year 2009-10.

13.5 Listing Details : The Equity Shares of the Company are listed on :

- | | |
|--|---|
| (i) The Calcutta Stock Exchange Ltd.
7, Lyons Range,
Kolkata-700 001. | (ii) Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 023 |
| (iii) The Jaipur Stock Exchange Ltd.
Indira Place, J.L.N. Marg.,
Malviya Nagar, Jaipur | |

- Note : i) The Suspension in trading of shares of the Company has been revoked w.e.f. 25.01.10.
 ii) Listing fees have been paid to all the Stock Exchanges as per their schedule.

13.6 Stock Code	Code
Calcutta Stock Exchange	: 022018
Bombay Stock Exchange	: 30274
The Jaipur Stock Exchange	: 543

13.7 Market Price Data and Performance in comparison to Index :

Month	Bombay Stock Exchange				Calcutta Stock Exchange				Jaipur Stock Exchange		
	High	Low	Close	Vol	High	Low	Close	Vol	High	Low	Close
January, 10	44.75	15.26	23.45	1,88,882	There is no trading in Company's shares.				There is no trading in Company's shares.		
February, 10	41.00	22.00	31.65	4,66,016							
March, 10	35.50	23.10	30.65	1,13,460							

13.8 ISIN NO : INE 554C01014

13.9 Registrar and Transfer Agent :

Niche Technologies Pvt. Ltd.
D-511, Bagree Market, 5th Floor,
71, Biplabi Rash Behari Basu Road
Kolkata - 700 001.

13.10 Share Transfer System The request for transfer to shares in physical mode should be lodged at the office of Company's Registrar and Share Transfer Agent - M/s Niche Technologies Pvt. Ltd. or at the Registered Office of the Company. Transfer are registered and returned in the

normal course within a period of 15 days of receipt, if the documents are found technically in order and complete in all respects.

The Company conducts a weekly review of the functions of the Registrar and Share Transfer Agent for upgrading the level of service to the Share Transfer Agent. Weekly review is also conducted on the response to the shareholder pertaining to their communication and grievance.

13.11 Distribution of Shareholding as on 31st March, 2010 pursuant to Clause 35 of the Listing Agreement is as under :

Size of holding	No. of share Holders	% of share holders	No. of share holding	% of share holding
1-500	1379	81.74	2,61,180	6.46
501-1000	116	6.88	1,02,634	2.54
1001-5000	118	6.99	2,74,060	6.79
5001-10000	23	1.36	1,78,525	4.42
10001-50,000	34	2.02	8,01,601	19.84
50,001-1,00,000	11	0.65	10,41,200	25.77
1,00,001-and above	6	0.36	13,80,800	34.18
Toal	1687	100	40,40,000	100

13.12 Distribution of Shareholding on the basis of categories of Shareholders as on 31st March, 2010 are as under :

No. of equity shares held	No. of shares holders	% of total shareholder	No. of shares in physical form	No. of shares in demat form	Total No. of shareholding	% of Shareholding
Promoters	18	1.07	—	23,54,400	23,54,400	58.28
Mutual Funds & UTI	—	—	—	—	—	—
Bank & Financial Institution	—	—	—	—	—	—
FII Corporates	48	2.85	39,700	2,98,975	3,38,675	8.38
Individuals	1604	95.08	3,79,102	9,56,601	13,35,703	33.06
NRI/CBs	1	0.06	0	1,910	1,910	0.05
Clearing Mem/ Clearing Cor	16	0.94	0	9,312	9,312	0.23
Total	1687	100	4,18,802	36,21,198	40,40,000	100.00

13.13 Dematerialization of shares : (Over 89% of outstanding shares have ben dematerialized and Trading in Lords shares is permitted only in the dematerialized form from 01-10-2002 as per notification issued by The Securities and Exchange Board of India.

**13.14 Outstanding GDR/Warrants/
Convertible Bonds :**

– Not issued –

13.15 Plant locations :

(a) Plot No. 47(A) & 46 Uluberia Industrial Growth Centre, Uluberia, Dist–Howrah, West Bengal

13.16 Address for correspondence : Shareholders correspondence should be addressed to –

- a) **Register & Transfer Agent :**
Niche Technologies Private Limited
D-511, Bagree Market, 5th Floor,
71, Biplabi Rash Behari Basu Road
Kolkata-700 001
- b) The Company Secretary
Lords Chemicals Ltd.
48A, Park Street, 5th Floor
Kolkata-700 016

13.17. OTHER USEFUL INFORMATION FOR SHAREHOLDERS :

No Unclaimed dividend is lying with the Company.

14. NON-MANDATORY REQUIREMENT

1. The half-yearly declaration of financial performance including summary of the significant events in last six-months, should be sent to each household of shareholders.

Performance Update consisting of financial and operation performance is at present not sent to the shareholders.

2. Company may move towards a regime of unqualified financial statements.

During the period under review, there is no audit qualification in the financial statement. The Company continues to adopt best practices to ensure unqualified financial statements.

3. The company may establish a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exception cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.

Such mechanism is not in existence at present.

4. There is no Whistle Blower Policy at present.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March, 31, 2010.

(**Ajay Kumar Jain**)

Kolkata, Dated - August 13, 2010

Managing Director

CEO / CFO CERTIFICATION

The Managing Director is the CFO and heading the Finance function have certified to the Board that :

1. He has reviewed the financial statements and the cash flow statement of Lord Chemicals Limited for the year ended 31st March, 2010 and to the best of their knowledge and belief.
 - i) these statements do not contain any materially true statement or omit any material fact or contain statement that might be misleading;
 - ii) these statements together presents a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable, laws and regulations.
2. There are, to the best of their knowledge and belief, no transaction entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. He accepts responsibility for establishing and maintaining internal control system for financial reporting and he has evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting and he has disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.
4. They have indicated to the Auditors and Audit Committee :
 - a) Significant changes in the Company's internal control over financial reporting during the year.
 - b) Significant changes in accounting policies during the year, and that the same has been disclosed in the notes to the financial statements and
 - c) Instances of significant fraud of which we have become aware and involvement therein if any of management or other employees having a significant role in the Company's internal control system over financial reporting.

(**Ajay Kumar Jain**)

Kolkata, Dated - August 13, 2010

Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Lords Chemicals Limited,

We have examined the compliance of the conditions of Corporate Governance by **Lords Chemicals Limited** to the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement executed between the said Company with Stock Exchange in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BLA & Associates**
Chartered Accountants
Firm Reg. No. 325665E

CA. ASHOK KUMAR AGARWAL
Partner
Membership No.-062170

Kolkata, Dated - August 13, 2010

AUDITORS' REPORT

To the Members of Lords Chemicals Limited

We have audited the attached Balance Sheet of **LORDS CHEMICALS LIMITED** as at 31st March 2010 and the related Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003, (Card) as amended, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters special in paragraphs 4 and 5 of the said order.

We report that :

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
3. The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account as submitted to us;
4. In our opinion, the said Balance Sheet, Profit and Loss Account and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

6. In our opinion and to the best of our information and according to the explanations given to us, the said statement of account read with Notes on accounts appearing on schedule U, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
- (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010 and
 - (ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date.
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For BLA & Associates
Chartered Accountants
(Registration No. 325665E)

(CA. Ashok Kumar Agarwal)
Partner
Membership No. 062170

Kolkata, Dated : August 13, 2010

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the auditors' report to the members of **Lords Chemicals Limited** for the year ended March 31, 2010. We report that :

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets. As explained to us, some of the fixed assets have been physically verified by the management based on a phased programme of verification adopted by the company. In our opinion, the frequency of verification is reasonable. To the best of our knowledge, no material discrepancies have been noticed on such verification. The Company has not disposed of any substantial part of its fixed asset during the year.
2. As informed to us, physical verification has been conducted at reasonable intervals in respect of stocks. The discrepancies noticed on such physical verification between physical stock and book records were not significant and the same has been properly dealt with in the books of account.
3.
 - a) As informed to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clauses (iii) (a) to (d) of the order are not applicable.
 - b) As informed to us the Company has taken loan, secured or unsecured, from one other company covered in the register maintained under Section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs. 1,493.00 Lacs and the year end balance of loan taken from such company was Rs. 192.85 Lacs. In our opinion the rate of interest and other terms and conditions on which loan have been taken from such other company listed in the register maintained under sec. 301 are not, prime facie, prejudicial to the interest of the company.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of inventories and fixed assets and for the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. Based on the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under sec 301 and exceeding the value of five lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the explanation given to us, the company has not accepted any deposits from the public.
7. In our opinion the Company has internal audit system commensurate with the size of the company and the nature of its business.
8. As per information by the management, no cost records have been prescribed under section 209(1)(d) of the companies Act, 1956 in respect of products manufactured by the company.
9. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees state insurance, Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty, Cess and any other statutory dues applicable to it, According to the information and explanations given, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31.03.2010 for the period of more than six months from the date they became payable.

According to the records of the company the disputed statutory dues on account of Sales Tax, Excise Duty and Cess that have not been deposited on account of matters pending before appropriate authorities are as follows:

Name of the Statute	Nature of Dues	Amount involved ₹	Period to which the amount relates	Forum where Dispute is pending
The Central Excise Act, 1944	Central Excise	9,03,092.00	2006-07	Central Excise & service Appellate Tribunal.
W.B. Sales Tax Act, 1944	Sales Tax	7,56,642.00	2003-04 to 2004-05	Appellate & Revisional Board.
The VAT Act, 2003	Value Added Tax	2,17,459.00	2006-07	Assistant Commissioner of Commerical Taxes, Kolkata
The Central Sales Tax Act, 1956	Central Sales Tax	8,83,415.00	2003-04 to 2004-05	Appellate & Revisional Board.
The Central Sales Tax Act, 1956	Central Sales Tax	2,09,149.00	2006-07	Assistant Commissioner of Commerical Taxes, Kolkata.

10. The company has not accumulated losses and has not incurred any cash losses during the financial year covered by audit or in the immediately preceding financial year.
11. Based on our audit and according to information and explanations given to us we are of the opinion, the company has not defaulted in repayment of dues to banks as at the balance sheet date.
12. As informed and explained to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares during the year, so the requirement of maintenance of adequate documents and records is not applicable.
13. In our opinion and to the best of our information and according to the explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund / societies.
14. As per records of the company and information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments during the year.
15. According to the information and explanation given to us, the company has not given any guarantee for loans taken by its associates from bank or financial institutions.
16. The company has not obtained any term loan during the year.
17. In our opinion, and on the basis of our examination and according to the information and explanations given to us, the Company has not used the funds borrowed on short-term basis during the year for long-term investment.
18. The company has not made any preferential allotment of share to parties / companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the year.
20. The company has not raised any money through public issue during the year.
21. Based upon the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the company noticed or reported during the course of our audit.

For **BLA & Associates**
Chartered Accountants
(Registration No. 325665E)

(CA. Ashok Kumar Agarwal)
Partner
Membership No. 062170

Kolkata, Dated : August 13, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	As At 31st March, 2010	Amount in ₹ As At 31st March, 2009
SOURCES OF FUNDS			
Share Holders' Funds :			
Share Capital	A	4,04,00,000.00	4,04,00,000.00
Reserve & Surplus	B	60,39,464.06	28,94,596.97
Loan Funds :			
Secured Loans	C	9,44,09,997.17	1,52,55,230.07
Unsecured loans	D	1,92,85,000.00	8,40,00,000.00
		<u>11,36,94,997.17</u>	<u>9,92,55,230.07</u>
Deferred Tax (Net)	E	29,91,054.00	33,89,903.00
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	F	14,77,13,748.90	14,37,16,915.37
Less : Accumulated Depreciation		<u>10,06,94,416.70</u>	<u>9,51,53,806.70</u>
Net Block		<u>4,70,19,332.20</u>	<u>4,85,63,108.67</u>
Current Assets, Loans and Advances :			
Inventories	G	12,23,57,000.00	6,44,52,503.75
Sundry Debtors	H	3,85,39,895.44	2,54,05,019.27
Loans & Advances	I	1,85,73,497.22	1,35,08,770.28
Cash & Bank Balances	J	1,80,94,470.74	48,78,408.75
Other Current Assets	K	22,76,055.20	19,92,358.20
		<u>19,98,40,918.60</u>	<u>11,02,37,060.25</u>
Less : Current Liabilities & Provisions :	L	83,734,735.57	1,28,60,438.88
Net Current Assets		<u>11,61,06,183.03</u>	<u>9,73,76,621.37</u>
		<u>16,31,25,515.23</u>	<u>14,59,39,730.04</u>

Significant Accounting Policies and Notes on Accounts

U

Schedules A to U referred to above form an integral part of the Balance Sheet.

In terms of attached Report of even date

For and on behalf of the Board

Ajay Kumar Jain
Managing Director

Navin Kumar Jain
Director

Jitendra Tiwari
Company Secretary

For BLA & Associates
Chartered Accountants

CA. Ashok Kumar Agarwal
Partner
Membership No. : 062170

Kolkata, Dated : August 13, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

INCOME	Schedule	Amount in ₹	
		Year ended 31st March, 2010	Year ended 31st March, 2009
Sales		20,76,59,552.06	27,56,85,614.50
Other Income	M	12,47,612.32	8,95,682.94
Total Income		20,89,07,164.38	27,65,81,297.44
EXPENDITURE			
Decrease / (Increase) in Stock	N	(4,21,47,397.25)	(1,50,32,553.75)
Trading Purchase		5,73,56,670.00	—
Raw Materials Consumed	O	10,94,17,025.42	22,73,13,349.07
Manufacturing Expenses	P	5,20,56,008.22	3,45,52,873.41
Payment to & Provision For Employees	Q	32,45,892.10	23,27,702.90
Administrative Expenses	R	44,93,632.50	81,44,759.15
Selling & Distribution Expenses	S	7,81,532.35	2,04,570.19
Financial Expenses	T	95,49,691.95	58,27,727.34
Depreciation	F	55,40,610.00	57,89,951.10
Prior Period Expenses		40,584.00	2,16,952.00
Total Expenditure		20,03,34,249.29	26,93,45,331.41
PROFIT / (LOSS) BEFORE TAXATION		85,72,915.09	72,35,966.03
Provision for Taxation :			
Current Tax		34,71,400.00	21,22,536.00
Deferred Tax Adjustment		(3,98,849.00)	3,37,982.00
Fringe Benefit Tax		—	79,023.00
Taxes of Earlier Years		—	74,040.00
PROFIT AFTER TAX		55,00,364.09	46,22,385.03
Balance brought forward from previous year		28,94,596.97	(17,27,788.06)
Balance available for appropriation		83,94,961.06	28,94,596.97
Proposed Final Dividend		20,20,000.00	—
Dividend Tax		3,35,497.00	—
Balance Carried forward to Balance sheet		60,39,464.06	28,94,596.97
Earning Per Share (Basic & Diluted)		1.36	1.14

Significant Accounting Politics and Notes on Accounts

Schedules A to U referred to above form an integral part of the Profit and Loss Account.
In terms of attached Report of even date

For BLA & Associates
Chartered Accountants

CA. Ashok Kumar Agarwal
Partner
Membership No. : 062170

Kolkata, Dated : August 13, 2010

For and on behalf of the Board

Ajay Kumar Jain
Managing Director

Navin Kumar Jain
Director

Jitendra Tiwari
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Sl. No.	Particulars	Amount in ₹	
		Year ended 31st March, 2010	Year ended 31st March, 2009
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax as per Profit and Loss Account	85,72,915.09	72,35,966.03
	Adjustment for :		
	Depreciation and amortisation	55,40,610.00	57,89,951.10
	Financial Expenses	95,49,691.95	5,827,727.34
	Interest and dividend income	(4,20,149.92)	(631,987.00)
	Profit on sale of Laboratory Equipments	—	(34,050.52)
	Operating Profit Before Working Capital Charges	2,32,43,067.12	1,81,87,606.95
	Adjustment for :		
	(Increase) /Decrease in Inventories	(5,79,04,496.25)	4,13,25,484.98
	(Increase) /Decrease in Sundry Debtors	(1,31,34,876.17)	(1,44,06,879.16)
	(Increase) /Decrease in Loans & Advances	(9,79,813.94)	48,34,560.11
	(Increase) /Decrease in other current asset	(2,83,697.00)	(1,05,070.00)
	Increase / (Decrease) in Current Liabilities	6,50,47,399.69	(9,89,66,683.36)
	Cash Generated from Operation	1,59,87,583.45	(4,91,30,980.48)
	Taxes Paid (including Fringe Benefit Tax)	(40,84,913.00)	(771,275.00)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	1,19,02,670.45	(4,99,02,255.48)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(39,96,833.53)	(31,12,483.00)
	Sale of Laboratory Equipment	—	1,50,000.00
	Interest and dividend income	4,20,149.92	6,31,987.00
	NET CASH USED IN INVESTING ACTIVITIES	(35,76,683.61)	(23,30,496.00)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Loans Fund	1,44,39,767.10	1,92,29,365.38
	Financial Expenses Paid	(95,49,691.95)	(58,27,727.34)
	NET CASH PROVIDED BY/(USED) IN FINANCING ACTIVITIES	48,90,075.15	1,34,01,638.04
	NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1,32,16,061.99	(3,88,31,113.44)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	48,78,408.75	4,37,09,522.19
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,80,94,470.75	48,78,408.75
	Notes :		
	Cash on Hand	11,84,569.51	31,92,600.00
	Balance with Schedule Bank on :		
	Current Account	17,78,671.23	5,35,808.75
	Fixed Deposit Account	1,51,31,230.00	11,50,000.00
		1,80,94,470.74	48,78,408.75

For and on behalf of the Board

This is the Cash Flow Statement referred to in our report of even date.
 In terms of Attached Report of even date.

For BLA & Associates
 Chartered Accountants
 CA. Ashok Kumar Agarwal
 Partner
 Membership No. : 062170

Ajay Kumar Jain
 Managing Director

Navin Kumar Jain
 Director
Jitendra Tiwari

Kolkata, Dated : August 13, 2010

Company Secretary

Schedules forming part of the Balance Sheet

	As At 31st March, 2010	Amount in ₹ As At 31st March, 2009
SCHEDULE : A		
SHARE CAPITAL :		
Authorised :		
50,00,000 (50,00,000) Equity Shares of Rs. 10/- each	5,00,00,000.00	5,00,00,000.00
Issued, Subscribed & Paid-Up :		
40,40,000 (40,40,000) Equity Shares of Rs. 10/- each fully paid up	4,04,00,000.00	4,04,00,000.00
	<u>4,04,00,000.00</u>	<u>4,04,00,000.00</u>
SCHEDULE : B		
RESERVE & SURPLUS :		
Balance in Profit & Loss Account (As per Annexed Account)	60,39,464.06	28,94,596.97
	<u>60,39,464.06</u>	<u>28,94,596.97</u>
SCHEDULE : C		
SECURED LOANS :		
Term Loan (Short Term) :- The Federal Bank Limited	45,00,000.00	—
Working Capital Loan :- Bank of India The Federal Bank Limited	1,908.99 89,908,088.18	2,291.99 1,52,52,938.08
	<u>9,44,09,997.17</u>	<u>1,52,55,230.07</u>
SCHEDULE : D		
UNSECURED LOANS :		
From Bodies Corporate	1,92,85,000.00	8,40,00,000.00
	<u>1,92,85,000.00</u>	<u>8,40,00,000.00</u>
SCHEDULE : E		
Deferred Tax Liability (Net) :		
Opening Balance	33,89,903.00	30,51,921.00
For the Year Adjustment	(398,849.00)	3,37,982.00
	<u>29,91,054.00</u>	<u>33,89,903.00</u>

Schedules forming part of the Balance Sheet

SCHEDULE : F

FIXED ASSETS :

Amount in ₹

Description	Rate (%)	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 01.04.2009	Additions During the year	Deductions During the year	Cost as at 31.03.2010	Upto 31.03.2009	Provided for the year	Adjustment due to Sale	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Lease Hold Land & Development	0.00%	72,71,329.61	—	—	72,71,329.61	—	—	—	—	72,71,329.61	72,71,329.61
Freehold land & site Development	0.00%	14,72,860.00	—	—	14,72,860.00	—	—	—	—	14,72,860.00	14,72,860.00
Factory Shed & Building	10.00%	3,19,70,021.99	—	—	3,19,70,021.99	2,17,28,684.80	10,24,134.00	—	2,27,52,818.80	92,17,203.19	1,02,41,337.19
Electric Installation	13.91%	62,37,929.95	—	—	62,37,929.95	48,73,732.43	1,89,760.00	—	50,63,492.43	11,74,437.52	13,64,197.52
Office Equipments	13.91%	10,15,261.72	69,728.25	—	10,84,989.97	5,70,104.15	69,441.00	—	639,545.15	4,45,444.82	4,45,157.57
Furniture & Fittings	18.10%	91,629.38	—	—	91,629.38	82,264.30	1,695.00	—	83,959.30	7,670.08	9,365.08
Motor Vehicles	25.89%	18,81,304.35	—	—	1,88,13,04.35	11,79,112.77	1,81,797.00	—	13,60,909.77	5,20,394.58	7,02,191.58
Utility Equipments	13.91%	85,75,205.34	21,74,448.28	—	1,07,49,653.62	48,65,512.58	7,53,131.00	—	56,18,643.58	51,31,010.04	37,09,692.76
Plant & Machinery	13.91%	5,18,94,099.58	10,72,024.00	—	5,29,66,123.58	3,60,36,813.39	22,70,760.00	—	3,83,07,573.39	1,46,58,550.19	1,58,57,286.19
Computer & Accessories	40.00%	7,20,488.16	—	—	7,20,488.16	5,95,057.96	50,172.00	—	6,45,229.96	75,258.20	1,25,430.20
Captive Generator Set	13.91%	1,508,016.61	—	—	15,08,016.61	11,96,486.45	43,334.00	—	12,39,820.45	2,68,196.16	3,11,530.16
Laboratory Equipment	13.91%	4,19,879.64	1,40,100.00	—	5,59,979.64	2,89,524.09	36,339.00	—	3,25,863.09	2,34,116.55	1,30,355.55
Tools & Implements	13.91%	12,62,560.10	—	—	12,62,560.10	9,77,157.06	39,700.00	—	10,16,857.06	2,45,703.04	2,85,403.04
Storage Tanks	13.91%	1,08,62,155.52	—	—	1,08,62,155.52	84,88,339.85	3,30,198.00	—	88,18,537.85	20,43,617.67	23,73,815.67
Water, Pump & Pipe Fittings	13.91%	71,55,232.17	5,15,783.00	—	76,71,015.17	56,52,656.65	2,22,186.00	—	58,74,842.65	17,96,172.52	15,02,575.52
Platform & Ductings	13.91%	1,07,28,922.25	—	—	1,07,28,922.25	85,24,339.87	3,06,657.00	—	88,30,996.87	18,97,925.38	22,04,582.38
Flat at Uluberia	0.00%	4,25,750.00	—	—	4,25,750.00	—	—	—	—	4,25,750.00	4,25,750.00
Air Conditioner	13.91%	2,24,269.00	24,750.00	—	2,49,019.00	94,020.35	21,306.00	—	1,15,326.35	1,33,692.65	1,30,248.65
Total :		14,37,16,915.37	39,96,833.53	—	14,77,13,748.90	9,51,53,806.70	55,40,610.00	—	10,06,94,416.70	4,70,19,332.20	4,85,63,108.67
Previous Year :		14,08,31,739.37	31,12,483.00	2,77,307.00	14,37,16,915.37	8,94,75,213.12	57,89,951.10	1,11,357.52	9,51,53,806.70	4,85,63,108.67	—

Schedules forming part of the Balance Sheet

	As At 31st March, 2010	Amount in ₹ As At 31st March, 2009
SCHEDULE : G		
INVENTORIES :		
(At Lower of Cost and Net Realisable Value)		
(As taken, Valued & Certified by management)		
Raw Materials	5,03,00,015.00	3,52,73,627.00
Finished Goods	5,97,30,541.00	41,58,840.75
Stock in Process	94,20,697.00	2,28,45,000.00
Stores & Spares	29,05,747.00	21,75,036.00
	<u>12,23,57,000.00</u>	<u>6,44,52,503.75</u>
SCHEDULE : H		
SUNDRY DEBTORS :		
(unsecured, considered good)		
More than six months	1,85,984.00	15,50,356.51
Other Debts	3,83,53,911.44	2,38,54,662.76
	<u>3,85,39,895.44</u>	<u>2,54,05,019.27</u>
SCHEDULE : I		
LOANS & ADVANCES :		
(Unsecured, considered Good)		
Advance to Suppliers	27,64,422.42	58,34,251.18
Staff Advance Account	7,75,085.00	61,831.00
Other Advances	31,15,509.00	20,05,020.00
Advance Sales Tax	2,60,993.00	2,60,993.00
Composite Sales Tax Paid	16,09,282.00	24,01,201.00
Vat Claim receivable	28,19,388.80	-
CENVAT	3,98,862.00	5,59,456.00
Service Tax	2,86,225.00	1,37,597.00
Cess on Central Excise & Service Tax	58,955.00	5,355.00
Balance with Central Excise (P.L.A. A/c.)	1,73,020.00	5,938.00
Unclaimed Cenvat	5,78,568.00	6,06,548.90
Unclaimed Cess	9,070.00	12,437.20
Unclaimed Service Tax & Cess	22,086.00	1,024.00
Income Tax Refundable	57,370.00	57,370.00
Tax deducted at source	5,34,017.00	4,98,719.00
Advance fringe benefit tax	1,68,370.00	1,46,119.00
Advance Income Tax	49,42,274.00	9,14,910.00
	<u>1,85,73,497.22</u>	<u>1,35,08,770.28</u>

Schedules forming part of the Balance Sheet

	As At 31st March, 2010	Amount in ₹ As At 31st March, 2009
SCHEDULE : J		
CASH & BANK BALANCE :		
Cash on Hand (as certified by management)	11,84,569.51	31,92,600.00
Balance with Scheduled Bank on :		
Current Account	17,78,671.23	5,35,808.75
Fixed Deposit Account	1,11,66,559.00	—
Term Dep. with sch. banks against Bank Guarantee	—	54,000.00
Margin Money against L/C	39,64,671.00	10,96,000.00
	1,80,94,470.74	48,78,408.75
SCHEDULE : K		
OTHER CURRENT ASSETS :		
Pre-Paid Expenses	2,50,617.00	85,208.00
Sundry Deposit	20,25,438.20	19,07,150.20
	22,76,055.20	19,92,358.20
SCHEDULE : L		
CURRENT LIABILITIES & PROVISIONS :		
A. Current Liabilities :		
Sundry Creditors for Goods	6,82,64,467.75	76,79,475.90
Sundry Creditors for Expenses	7,67,338.46	6,80,032.66
Statutory Dues Payable	2,57,122.00	14,66,683.00
Advance from Customers	41,955.36	1,11,260.32
Buyer's Credit HSBC	56,53,968.00	—
	7,49,84,851.57	99,37,451.88
B. Provisions :		
Provision for Tax	62,32,281.00	27,60,881.00
Provision for Fringe Benefit Tax	1,62,106.00	1,62,106.00
Proposed Dividend	20,20,000.00	—
Provision for Dividend Tax	3,35,497.00	—
	87,49,884.00	29,22,987.00
	8,37,34,735.57	1,28,60,438.88

Schedules forming part of the Profit and Loss Account

	Year ended 31st March, 2010	Amount in ₹ Year ended 31st March, 2009
SCHEDULE : M		
OTHER INCOME :		
Interest	1,02,808.92	5,43,384.00
Interest on deposit	3,17,341.00	88,603.00
Exchange Rate Difference	7,83,385.40	1,71,665.50
Misc. Income	44,077.00	57,979.92
Profit on sale of Fixed Asset	—	34,050.52
	<u>1,247,612.32</u>	<u>8,95,682.94</u>
SCHEDULE : N		
DECREASE / (INCREASE) IN STOCK :		
Opening Stock :		
Finished Goods	41,58,840.75	9,46,287.00
Stock in Process	2,28,45,000.00	1,10,25,000.00
	<u>2,70,03,840.75</u>	<u>1,19,71,287.00</u>
Less : Closing Stock :		
Finished Goods	5,97,30,541.00	41,58,840.75
Stock in Process	94,20,697.00	2,28,45,000.00
	<u>6,91,51,238.00</u>	<u>2,70,03,840.75</u>
	<u>(4,21,47,397.25)</u>	<u>(1,50,32,553.75)</u>

Schedules forming part of the Profit and Loss Account

	Year ended 31st March, 2010	Amount in ₹ Year ended 31st March, 2009
SCHEDULE : O		
RAW MATERIALS CONSUMED :		
Opening Stock	3,52,73,627.00	9,21,12,207.73
Add : Purchase	7,20,43,688.08	11,97,76,664.34
Add : Purchase Import (Gross)	2,42,85,393.00	2,36,41,497.00
Add : Custom Duty	19,64,187.00	19,50,673.60
Add : Carriage Inward	2,45,55,582.04	2,38,52,879.40
Add : Clearing & Forwarding expenses	15,94,563.30	12,53,054.00
	<u>15,97,17,040.42</u>	<u>26,25,86,976.07</u>
Less : Closing Stock	5,03,00,015.00	3,52,73,627.00
	<u>10,94,17,025.42</u>	<u>22,73,13,349.07</u>
SCHEDULE : P		
MANUFACTURING EXPENSES :		
Opening Stock	21,75,036.00	16,94,494.00
Add : Stores Purchase	3,37,42,285.62	2,37,19,060.09
Add : Carriage Inward	14,24,478.00	7,85,300.00
	<u>3,73,41,799.62</u>	<u>2,61,98,854.09</u>
Less : Closing Stock	29,05,747.00	21,75,036.00
Stores Consumed	3,44,36,052.62	2,40,23,818.09
Power & Fuel	66,47,339.00	3,901,138.00
Water Expenses	4,51,925.00	3,15,979.00
Labour & Processing Charges	24,37,926.37	16,16,290.12
Production Salary	16,95,550.00	13,37,269.00
Repairs & Maintenance	54,92,838.28	24,95,576.12
Factory Insurance	1,70,045.00	1,45,714.00
Pollution Treatment Expenses	4,13,919.00	3,40,806.00
Safety Equipments Expenses	86,186.00	55,943.00
Testing & Laboratory Expenses	1,49,226.95	3,20,340.08
Godown Rent	75,000.00	—
	<u>5,20,56,008.22</u>	<u>3,45,52,873.41</u>
SCHEDULE : Q		
PAYMENT TO & PROVISION FOR EMPLOYEES :		
Salary & Bonus	26,16,151.00	17,72,960.88
Contribution to E.S.I.C.	1,60,754.10	1,40,993.17
Contribution to P.F., Pension & Other Charges	4,68,987.00	3,88,089.40
Gratuity paid	—	25,659.45
	<u>32,45,892.10</u>	<u>23,27,702.90</u>

Schedules forming part of the Profit and Loss Account

	Year ended 31st March, 2010	Amount in ₹ Year ended 31st March, 2009
SCHEDULE : R		
ADMINISTRATIVE EXPENSES :		
Office Repairs & Maintenance	5,550.00	37,628.70
Rates & Taxes	8,14,867.00	55,71,394.00
Office Rent	33,509.00	12,000.00
Directors Remuneration	5,40,000.00	3,00,000.00
Audit Fees :		
- Statutory Audit Fees	33,090.00	33,090.00
- Tax Audit Fees	11,030.00	11,030.00
- Internal Audit Fees	2,500.00	2,500.00
General Expenses	67,817.87	4,211.71
Subscription & Advertisement	1,84,958.58	2,35,123.00
Membership Fees	14,266.00	4,200.00
Stationery & Computer Maintenance	1,25,573.00	65,778.80
Vehicle Running & Maintenance	90,151.00	63,505.75
Telephone Expenses	6,72,671.67	6,39,094.99
Insurance on Vehicle	10,656.00	39,879.00
Books & Periodicals	3,330.00	5,995.00
Postage & Telegram	34,541.83	30,133.00
Legal & Profession Fees	2,12,672.50	1,73,129.20
Share Transfer & Registration	46,726.00	36,758.00
Security Service Charges	3,48,882.00	2,94,667.00
Filing Fees	11,444.00	1,500.00
Electricity Charges	2,83,734.00	2,34,405.00
Listing Fees	3,69,329.05	21,584.00
Travelling & Conveyance	1,07,616.00	2,32,636.00
Licence & Renewal Fees	37,800.00	79,016.00
Director's Sitting Fees	21,000.00	15,500.00
Sundry Balance written off	4,09,917.00	-
	44,93,632.50	81,44,759.15
SCHEDULE : S		
SELLING & DISTRIBUTION EXPENSES :		
Sales Promotion	38,142.51	55,463.25
Carriage Outward	4,79,761.00	1,49,106.94
Discount Allowed (Net)	2,43,927.84	-
Service Tax Outward	19,701.00	-
	7,81,532.35	2,04,570.19
SCHEDULE : T		
FINANCIAL EXPENSES :		
Bank Interest on C.C. A/c.	71,63,584.00	46,75,921.00
Bank Interest on STTL	40,730.00	5,11,637.00
Other Interest	17,73,398.00	2,29,125.00
Bank Charges	5,71,979.95	4,11,044.34
	95,49,691.95	58,27,727.34

Schedules forming part of the Balance Sheet and Profit and Loss Account

SCHEDULE : U

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010.

A. SIGNIFICANT ACCOUNTING POLICIES :

1. Accounting Convention :

The Financial statements have been prepared under historical cost convention and on accrual basis, except other wise stated, in accordance with the Generally Accepted Accounting Principles, to comply in all material respects with the notified Companies Accounting Standard Rules, 2006 and the provisions of the Companies Act, 1956.

2. Use of Estimates :

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto.

3. Fixed Assets :

All fixed assets are valued at cost inclusive of freight incurred, duties & taxes (net of Cenvat) and incidental expenses less accumulated depreciation. The cost of fixed assets comprises purchase price and all other attributable costs of bringing the assets to working condition for intended use.

Expenditure for addition, improvement and renewal are capitalized and expenditure for maintenance and repairs are charged to the Profit & Loss Account.

4. Depreciation :

Depreciation on fixed assets has been provided for on the basis of written down value method as per useful lives

estimated by the management or at the rates and in the manner prescribed under Schedule XIV (as amended) of the Companies Act, 1956, whichever is higher.

5. Impairment of Assets :

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The recoverable amount is the greater of net selling price and value in use.

6. Revenue Recognition :

i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

ii) Revenue from Sale of goods and services rendered is recognized upon passage of title and significant risk & reward and rendering of services, to the customers. Sales are accounted for on the basis of ex-works delivery.

iii) Insurance and other claims to the extent considered recoverable, are accounted for in the year of claims. However claims and refunds whose recovery cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

7. Borrowing Costs :

Borrowing costs attributable to acquisition of fixed assets are treated as part of cost of such assets and capitalized upto the stage of commercial production. All other borrowing costs are charged to revenue in the period in which they are incurred.

8. Provisions :

A provision is recognized when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

9. Inventories :

- i) Finished products are valued at lower of cost on annual average basis and net realizable value.
- ii) Raw materials, Stores and Spares are valued at lower of cost computed on FIFO basis and net realizable value.
- iii) The valuation is net of amounts written off for obsolescence.
- iv) Cost of inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition.

10. Excise Duty :

The purchase cost of raw materials has been considered net of CENVAT. Purchase of capital goods is also considered net of CENVAT credit.

11. Earning Per Share :

Basic Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

12. Employees' Benefits :

Company's contribution to Provident Fund and Employees State Insurance are charged to Profit & Loss Account. Gratuity and other retirement benefits are accounted for by the company on cash basis.

13. Foreign Currency Transactions :

- i) Revenue items of foreign currency are accounted for at the rate prevailing on the date of transaction.
- ii) Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates.
- iii) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss Account except in cases when they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

14. Derivative Instrument :

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

15. Taxation :

Provision for income tax comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and

reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

16. Contingencies :

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of Notes to the Accounts.

B. NOTES ON ACCOUNTS :

1. Contingent Liabilities Not Provided For :

- i) LCL has received demand notice from Sales Tax Authority for ₹ 20,66,665.00 (previous year ₹ 4,61,562.00) for the financial year 2003-04, 2004-05 & 2006-07. LCL has filed the appeal before the Appellate Authorities.

- ii) LCL has received demand notice from Central Excise Authority for ₹ 9,03,092.00 (previous year ₹ 9,03,092.00) for the year 2006-07. LCL has filed an appeal before the CESTAT.

2. Secured Loans :

The working capital loans are secured by way of the following :

First charge against all Book debts, stock and personal guarantee by directors.

3. Managerial Remuneration :

- (a) The company has paid remuneration by way of salary to its Managing Director and Director within the limit specified under Schedule XIII and approved by the board and shareholders of the Company. The details of remuneration paid during the year are as follows :

Name	Salary	Period of Contract	
		From	To
Mr. Ajay Kumar Jain (Managing Director)	₹ 3,90,000.00	01.01.2009	31.12.2013
Mr. Partha Majumder (Whole time Director)	₹ 1,50,000.00	01.12.2006	30.11.2011

(b) Computation of Profit for the purpose of Managerial Remuneration :

Amount in ₹

Particulars	2009-2010	2008-2009
Paid to Whole time Directors :		
Salary, Allowance etc.	540000.00	3,00,000.00
Directors' Sitting Fees	21,000.00	15,500.00
Total	5,61,000.00	3,15,500.00
Computation of profit for the purpose of Managerial Remuneration		
Profit before tax as per Profit & Loss account	85,72,915.09	72,35,966.03
Add : Depreciation (as per accounts)	55,40,610.00	57,89,951.10
Directors Remuneration	5,40,000.00	3,00,000.00
Directors Sitting Fees	21,000.00	15,500.00
Total	1,46,74,525.09	1,33,41,417.13
Less: Depreciation (u/s. 350 of the Companies Act, 1956)	55,40,610.00	57,89,951.10
Whole time Directors Remuneration	5,40,000.00	3,00,000.00
Directors Sitting Fees	21,000.00	15,500.00
Total	61,01,610.00	61,054,51.10
Profit for the period	85,72,915.09	72,35,966.03
Net profit under section 349 of the Companies Act, 1956	85,72,915.09	72,35,966.03

4. Earning Per Share (EPS)

In terms of Accounting Standard-20, the calculation of EPS is given below :

Amount in ₹

Sl. No.	Particulars	2009-2010	2008-2009
01.	Net profit after tax for the year	55,00,364.09	46,22,385.03
02.	Number of equity shares	40,40,000	40,40,000
03.	Basic / Diluted Earnings per Share	1.36	1.14

5. Deferred Tax Liability

In terms of Accounting Standard - 22, net Deferred Tax liability of Rs.29,91,054.00 has been recognised in the books of accounts. The component of the deferred tax liability at respective balance sheet date is as follows :-

Amount in ₹

Sl. No.	Particulars	31.03.2010	31.03.2009
01.	Timing Difference in depreciable assets (Liability)	29,91,054.00	33,89,903.00
02.	Timing Difference for Brought Forward Loss (Asset)	NIL	NIL

6. Sundry creditors include ₹ Nil due to micro, small & medium enterprises to the extent such parties have been identified from the available documents / information.
7. Excise duty on finished goods is neither provided nor the same is considered for valuation of closing stock. This has no impact on the profit for the year.
8. The balances in various accounts in sundry creditors, sundry debtors and loans & advances are subject to confirmation and reconciliation. Company has shown the figures as per values appearing in the books of accounts.

9. Foreign Currency Transaction :

a) CIF Value of Imports :

Amount in ₹

Particulars	2009-2010	2008-2009
Raw materials	2,42,85,393.00	2,36,41,497.00

b) Foreign Travelling Expenses is ₹ NIL (Previous Year ₹ NIL)

10. Segment Information :

The Company's business activity primarily falls within a single reportable segment i.e. Chemical Products, which are subject to similar risk and returns. Hence, there is no separate segment reporting which is in conformity with the Accounting Standard-17 issued by The Institute of Chartered Accountants of India.

11. Related Party Disclosure :

● Name of the related parties with whom the transactions were carried out during the year.

Name of the Related Parties	Relationship
Mr. Ajay Kumar Jain	Key Managerial Person (KMP)
Mr. Navin Kumar Jain	Key Managerial Person (KMP)
Mr. Partha Majumder	Key Managerial Person (KMP)
Mahabir Coke Industries (P) Ltd.	Associates
AKJ Minerals Ltd.	Associates
Mr. Vimal Kumar Jain	Relative of KMP
Mrs. Manju Jain	Relative of KMP

● Transactions during the year with related parties :

Amount in ₹

Nature of Transaction	Associates	KMPs are Partner	KMP	Relative of KMP	Total
Sales of goods	NIL (13,34,85,275.00)	—	—	—	NIL (13,34,85,275.00)
Sales of Fixed Assets	NIL (1,50,000.00)	—	—	—	NIL (1,50,000.00)
Loans & Advances taken	NIL (8,00,00,000.00)	NIL (5,00,000.00)	—	—	NIL (8,05,00,000.00)
Loans & Advances repaid	6,07,15,000.00 (NIL)	—	—	—	6,07,15,000.00 (NIL)
Rent	—	—	—	12,000.00 (12,000.00)	12,000.00 (12,000.00)
Directors Remuneration	—	—	5,40,000.00 (3,00,000.00)	—	5,40,000.00 (3,00,000.00)
Salary	—	—	—	3,60,000.00 (3,60,000.00)	3,60,000.00 (3,60,000.00)
Purchases	6,26,97,925.65 (4,52,064.00)	—	—	—	6,26,97,925.65 (4,52,064.00)

Notes : Figures in brackets relate to previous year.

● Closing Balance :

Amount in Lacs

Relationship	Balance as on 31.03.2010	Balance as on 31.03.2009
Associates	767.72	800.00

12. Details of Repairs & Maintenance shown under the head manufacturing expenses are as follows :

Repairs & Maintenance :	<u>2009-2010</u>	<u>2008-2009</u>
a) For Building	: ₹ 2,57,200.00	₹ 1,66,733.66
b) For Plant & Machinery	: ₹ 43,88,775.66	₹ 15,30,240.88
c) For others	: ₹ 8,46,862.62	₹ 7,98,601.58
Total	: ₹ 54,92,838.28	₹ 24,95,576.12

13. Quantitative Information pursuant to Para 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 :

(A) Raw Material consumed :-

Amount in ₹

Particulars	Unit	As on 31.03.2010		As on 31.03.2009	
		Qty.	Amount	Qty.	Amount
Soda Ash	M.T.	2,301.310	2,85,68,249.70	1,563.390	2,56,89,231.60
Chrome ore	M.T.	5,320.255	3,38,87,379.98	8,612.690	14,08,79,583.52
TL Chrome	M.T.	11,448.980	3,50,55,342.00	14,026.789	4,33,60,303.80
Lime Powder	M.T.	2,371.340	58,56,414.02	2,001.820	46,85,275.45
Sulphuric Acid	M.T.	2,215.790	60,49,639.72	1,412.339	1,26,98,954.70
		Total	10,94,17,025.42	Total	22,73,13,349.07
Net balance taken to P&L A/c			10,94,17,025.42		22,73,13,349.07

Comprising of	%	Value	%	Value
Imported Materials	23.42	2,56,25,597.30	11.81	2,68,45,224.60
Indigenous Materials	76.58	8,37,91,428.12	88.19	20,04,68,124.47
	100.00	10,94,17,025.42	100.00	22,73,13,349.07

- Note :-**
- i) The above figures are inclusive of transit losses and shortages.
 - ii) The above figure also net of discount.

(i) **Details of Capacity & Production :**

S. No.	Items	Units	Installed Capacity (TPA)	Production
01.	Sodium Dichromate	M.T.	4,200	2,045.500
02.	Sodium Sulphate	M.T.	3,000	1,392.575
03.	Chromic Acid Flakes	M.T.	900	658.341
04.	Chromic Oxide Green	MT.	150	73.050

(ii) **Quantitative Information : Production, Stock, Sales of Goods produced / Traded during the year :** Amount in ₹

Particulars	Unit	Opening Balance		Purchases/ Production	Transfer	Sales		Closing Balance	
		Qty.	Amount			Qty.	Qty.	Qty.	Amount
Sodium Dichromate	M.T.	10.000 (8.000)	8,00,000.00 (5,60,000.00)	2045.500 (1174.350)	1600.100 (777.500)	451.400 (394.850)	3,15,88,750.00 (3,97,53,800.00)	4.000 (10.000)	2,55,955.00 (8,00,000.00)
Sodium Sulphate	M.T.	133.535 (156.575)	60,090.75 (78,287.00)	1392.575 (816.560)	0.000 (0.000)	1240.650 (839.600)	5,39,042.35 (5,15,236.95)	285.460 (133.535)	6,416.00 (60,090.75)
Chromite Sand & Concentrate	M.T.	0.000 (0.000)	0.00 (0.00)	0.00 (1480.00)	0.000 (0.000)	0.00 (1480.000)	0.00 (1,65,76,000.00)	0.00 (0.000)	0.00 (0.00)
Chromic Acid Flakes	M.T.	18.850 (2.200)	32,98,750.00 (3,08,000.00)	658.341 (350.480)	0.000 (0.000)	666.291 (333.830)	10,18,44,554.05 (6,09,72,070.00)	10.900 (18.850)	15,80,500.00 (32,98,750.00)
Chrome Oxide Green	M.T.	0.000 (0.000)	0.00 (0.000)	73.050 (4.300)	0.000 (0.000)	70.050 (4.300)	1,28,91,000.00 (12,41,250.00)	3.00 (0.000)	5,31,000.00 (0.000)
Coal	M.T.	0.000 (0.000)	0.00 (0.000)	6936.760 (0.000)	0.000 (0.000)	0.000 (0.000)	0.00 (0.00)	6936.760 (0.000)	5,73,56,670.00 (0.000)

Note : i) Figures in brackets relate to previous year.
ii) Installed Capacity is as certified by the management and relied upon by the auditors.

14. Particulars on remittances of dividend in foreign currency

i) Number of Non Resident Shareholders	:	Nil (Nil)
ii) Number of equity shares held by them	:	Nil (Nil)
iii) Amount of remittance on account of dividend	:	Nil (Nil)

15. Figures of the previous year have been regrouped / rearranged wherever necessary.

Signatures to Schedules A to U

In terms of our report of even date annexed

For **BLA & Associates**

Chartered Accountants

(CA. Ashok Kumar Agarwal)

Partner

Membership No. 062170

Kolkata, Dated : August 13, 2010

For and on behalf of the Board

Ajay Kumar Jain

Managing Director

Navin Kumar Jain

Director

Jitendra Tiwari

Company Secretary

**ANNEXURE TO THE NOTES ON ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2010
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :**

I. Registration Details

Registration No.	55558	State Code	21
Balance Sheet Date	31	03	10

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
163,126	163,126

Sources of Funds

Paid-up Capital	Reserves & Surplus	Secured Loans	Un-Secured Loans
40,400	6039.46	94410	19,285
Deferred Tax	Share Application		
2991	0.00		

Application of Funds

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure
47019	0.00	116106	0.00
Accumulated Losses			
0.00			

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure	Profit/Loss before Tax
208907	200334	8573
Profit / Loss After Tax	Earning per Share in Rs.	Dividend Rate %
5500	1.36	5

V. Generic Names of Three Principal Products / Services of the Company

(As per monetary terms)

Item Code No. (ITC Code)	2841 30 00	Item Code No. (ITC Code)	2819 10 00
Product	Sodium Dichromate	Product	Chromic Acid Flakes
Item Code No. (ITC Code)	2833 26 90	Item Code No. (ITC Code)	2610 00 40
Product	Sodium Sulphate	Product	Chrome Concentrate

For BLA & Associates
Chartered Accountants

(CA. Ashok Kumar Agarwal)
Partner
Membership No. 062170

Kolkata, Dated : August 13, 2010

For and on behalf of the Board

Ajay Kumar Jain
Managing Director

Navin Kumar Jain
Director

Jitendra Tiwari
Company Secretary

LORDS CHEMICALS LIMITED

48A, PARK STREET, 5TH FLOOR, KOLKATA - 700 016

ATTENDANCE SLIP

(To be completed by Member / Proxy)

Name of Member : Mr./Mrs./Ms. _____

Member Regd. Folio no. / Client ID _____ No. of Shares held _____

Name of Proxy, if attending for member _____

I hereby record my presence at the Annual General Meeting of the Company to be held on Wednesday 29th September, 2010 at 10.00 A.M.

Venue : 48A, Park Street, 5th Floor
KOLKATA - 700 016

Signature of Member's / Proxy's Signature

- Notes :
1. Please fill and sign the attendance slip and hand over at the reception.
 2. Please bring your copy of Annual Report at the Meeting.

(TEAR HERE)

LORDS CHEMICALS LIMITED

48A, PARK STREET, 5TH FLOOR, KOLKATA - 700 016

PROXY FORM

I/We _____ of _____

_____ being Member(s) of Lords Chemicals Limited hereby appoint _____

_____ of _____ or failing him

_____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday 29th September, 2010 at 10.00 A.M. at the Registered Office of the Company at 48A, Park Street, 5th Floor, Kolkata-700 016, and/or any adjournment thereof.

Signed this _____ day of _____ 2010

Regd. Folio No. :

Signature of the Member(s)

Affix
Revenue
Stam of
50 Ps.

- Notes :
1. This Proxy form must be deposited at the Registered Office of the Company not later than 48 hrs. before the time for holding the aforesaid meeting.
 2. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

ECS Mandate Form

Niche Technologies Pvt. Ltd.
D-511, Bagree Market, 5th Floor,
71, Biplabi Rash Behari Basu Road,
Kolkata-700 001
West Bengal

Sub. : Payment of Dividend through ECS (ECS Mandate Form)

I/We hereby give my/our mandate to credit my/our Dividend on the shares held by me/us under the Folio number directly to my/our Bank Account through Electronic Clearing Service (ECS). The details Of the Bank Account are given below :

1. Name of the Bank	
2. Branch Name and City	
3. Account Type (Savings/Current/Cash Credit)	
4. Account Number (as appearing on the cheque book)	
5. Ledger Folio No. (If any as appearing on the cheque book)	
6. Ledger Folio No. (If any as appearing on the cheque book)	
7. (9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank)	
8. Our Ref. No.	

Bank Details to be incorporated on dividend warrant

1. Bank Name	:	
2. Branch Name and City	:	
3. A/C Type (SB/Current/Cash Credit)	:	
4. A/C Number (as in cheque) book	:	

Date : _____

Signature of Shareholder
(Sole/First)