

# LORDS CHEMICALS LIMITED

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

## NOTICE

Notice is hereby given that an Extraordinary General Meeting of the Shareholders of Company will be held on Monday, the 7<sup>th</sup> day of February, 2011 at 48A, Park Street, 5th Floor, Kolkata - 700 016, at 10.00 a.m. to transact the following business:

**1. INCREASE IN AUTHORISED SHARE CAPITAL AND ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION** :

**"RESOLVED THAT** pursuant to Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Authorized Share Capital of the Company be and is hereby increased from Rs.5,00,00, 000/- (Rupees Five Crore Only) divided into 50,00,000 Equity Shares of Rs.10/- each to Rs.6,00,00, 000/- (Rupees Six Crore Only) divided into 60,00,000 Equity Shares of Rs.10/- each ranking pari passu with the existing equity shares and consequently, Clause V of the Memorandum of Association of the Company be and is hereby amended by substituting the following new Clause V

*"V. The Authorized Share Capital of the Company is Rs.6,00,00, 000/- (Rupees Six Crore Only) divided into 60,00,000 Equity Shares of Rs.10/- each with the power to increase or reduce the same in accordance with the provisions of the Companies Act, 1956 and to classify or reclassify the share capital."*

**2. TO CONSIDER THE ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS TO NON-PROMOTERS**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION** :

**"RESOLVED THAT** in accordance with the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI (ICDR) Regulations, 2009") as in force, and subject to the regulations/guidelines, if any, issued by the Government of India, the Reserve Bank of India and any other applicable laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other relevant statutory, governmental authorities or departments, institutions or bodies ("Concerned Authorities") in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of

the Concerned Authorities while granting such approvals, and permissions as may be necessary or which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches, upto 16,00,000 (Sixteen Lakhs Only) Equity Shares of face value of Rs. 10/- each of the Company, on Preferential Basis at a price of Rs. 60/- (Rupees Sixty Only) per equity share, including a premium of Rs. 50/- (Rupees Fifty Only) per equity share, aggregating to Rs. 9,60,00,000 /- (Rupees Nine Crore Sixty Lakhs only), being higher than the price computed in compliance with Regulation 76 of Chapter VII of the SEBI (ICDR) Regulations, 2009 and subsequent amendments thereto, and on such terms and conditions and in such manner as the Board may in its absolute discretion deem fit to a group of Strategic Investors, not forming part of the Promoter Group of the Company, as mentioned below:

Sr. No.	Name of the Proposed Allottees	No of Equity Shares to be allotted	Allottee is : QIB / MF / FI / Trust / Banks
	<b>Non- Promoter Group :</b>		
1.	Ahinsa Merchandise Pvt Ltd	165,000	No
2.	Ashish Begwani (HUF)	165,000	No
3.	Ashu Tradecom Pvt Ltd	165,000	No
4.	Gian Finance Limited	165,000	No
5.	Komal Chandak	100,000	No
6.	Raj kumar Jain	100,000	No
7.	Sayonara Commerce Pvt Ltd	100,000	No
8.	Arihant Merchandise Pvt Ltd	85,000	No
9.	Patni Management Services Pvt Ltd	85,000	No
10.	Surya Business Pvt. Ltd	65,000	No
11.	Manoj Kumar Jain	60,000	No
12.	Imagine Trading Co. Pvt Ltd	50,000	No
13.	Vijay Kumar chandak (HUF)	50,000	No
14.	Model Commercial Pvt Ltd	40,000	No
15.	Bela Om Prakash Jain	35,000	No
16.	Aloka Jain	25,000	No
17.	Innovative Dealers Pvt Ltd	25,000	No
18.	Kamlesh Kumar Agarwal	25,000	No
19.	Manish Kumar Jain	25,000	No
20.	Manoj Kumar Jain (HUF)	25,000	No
21.	Ranjana Khandelwal	25,000	No
22.	Manish Kumar Jain (HUF)	20,000	No

**RESOLVED FURTHER THAT :**

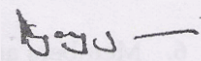
- (i) The relevant date for the purpose of pricing of issue of the shares in accordance with the SEBI (ICDR) Regulations, 2009 be fixed as 8<sup>th</sup> January 2011, being the 30<sup>th</sup> day prior to 7<sup>th</sup> February, 2011 i.e., the date on which the Extraordinary General Meeting of the shareholders is convened, in terms of Section 81 (1A) of the Companies Act, 1956 to consider the proposed preferential issue.
- (ii) The equity shares allotted in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the company.

- (iii) The new equity shares to be allotted to the Investors shall be subject to a lock-in period in accordance with Regulation 78 of the SEBI (ICDR) Regulations, 2009 and subsequent amendments thereto.
- (iv) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of equity shares, and also shall be entitled to vary, modify or alter any of the terms and conditions, including the issue price on a higher side than mentioned above, as it may deem expedient, without being required to seek any further consent or approval of the Company in a General Meeting.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of shares of the Company the Board be and is hereby authorized on behalf of the Company to take all such actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient and to settle any question, difficulties or doubts that may arise in this regard including but not limited to the offering, issue and allotment of equity shares of the Company as it may in its absolute discretion deem fit and proper".

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or to any Officer or Officers of the company to give effect to the aforesaid resolution."

By Order of the Board  
For Lords Chemicals Limited



(AJAY KUMAR JAIN  
Managing Director

Place: Kolkata  
Date: 11.01.2011

**NOTES:**

1. The Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956, is annexed herewith and forms part of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF /HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ENCLOSED. THE PROXY FORM DULY STAMPED AND EXECUTED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY.
3. The Instrument appointing a Proxy must be lodged at the Registered Office of the Company at least 48 hours prior to the time of the meeting.
4. A copy of all the documents referred to in the accompanying explanatory statement are open to inspection at the Registered Office of the Company on all working days except holidays between 11.00 am to 1.00 pm up to the date of EGM.
5. The Auditor's certificate certifying that the Issue of Equity Shares on preferential basis is being made in accordance with the SEBI (ICDR) Regulations, 2009 on preferential issues, will be available for inspection at the Registered Office of the Company between 11.00 am to 1.00 pm on all working days up to the date of the Extraordinary General Meeting i.e 7<sup>th</sup> February, 2011 and at the meeting.
6. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to the Proxy Form and hand over the slip at the entrance to the place of the Meeting.
7. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID for easy identification of attendance at the meeting.
8. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Extraordinary General Meeting.

**Explanatory Statement and reasons for proposed resolutions pursuant to Section 173(2) of the Companies Act, 1956, and forming part of the Notice convening the Extraordinary General Meeting of the Company.**

**Item No. 1 :**

The Company proposes to issue and allot up to 16,00,000 (Sixteen Lakhs Only) Equity Shares of face value of Rs. 10/- (Rupees Ten Only) each at a price of Rs. 60/- (Rupees Sixty Only) per equity share, including a premium of Rs. 50/- (Rupees Fifty Only) per equity share, aggregating to Rs. 9,60,00,000/- (Rupees Nine Crore Sixty Lakhs Only), constituting up to 28.37% of the total post issue paid-up equity share capital of the Company on a preferential allotment basis to Strategic Investors.

The total post-issue paid up equity share capital of the Company after preferential allotment to Strategic Investors will be Rs.5,64,00,000/- ( Rupees Five Crore Sixty Four Lakhs only) divided into 56,40,000 (Fifty Six Lakhs Forty Thousand Only) equity shares of Rs. 10/- (Rupees Ten Only) each.

Currently, the authorised share capital of the company is Rs.5,00,00,000/- (Rupees Five Crore Only) divided into 50,00,000 Equity Shares of Rs.10/- each. Hence, it is necessary to increase the authorised share capital of the company to Rs.6,00,00,000/- (Rupees Six Crore Only) divided into 60,00,000 Equity Shares of Rs.10/- each, in order to make the preferential allotment of equity shares to such Strategic Investors.

The Board of Directors therefore recommends the resolution as an Ordinary Resolution for approval of the Shareholders.

None of the directors of the company is concerned or interested in any way in the resolution except as the members of the Company.

**Item No. 2 : PREFERENTIAL ALLOTMENT UNDER SECTION 81 (1A)**

The Board of Directors of the Company ("the Board") at their meeting held on 11th January, 2011 discussed the future plans of the Company and possible growth options. Based on the above discussions, the Board in order to raise resources to meet the future capital expenditure, long term working capital requirements and for general corporate purposes, thought it prudent to infuse fresh equity capital in the Company by issue of 16,00,000 (Sixteen Lakhs Only) equity shares of face value of Rs. 10/- each of the Company at a price of Rs. 60/- (Rupees Sixty Only) per equity share, including a premium of Rs. 50/- (Rupees Fifty Only) per equity share on Preferential Basis to a group of Strategic Investors

The necessary information pertaining to the proposed preferential allotment in terms of the Regulation 73(1) of SEBI (ICDR) Regulations, 2009 are set out as below :

**a) Object of the Issue :**

The object of the issue is to raise resources to meet the future capital expenditure, long term working capital requirements and general corporate purposes.

b) **Intention of the Promoters/Directors/Key Management Persons to subscribe to this Offer :**

None of the Promoters/Directors/Key Management Persons intend to subscribe to this Offer.

c) **Shareholding Pattern before and after the Offer: (as of December 31, 2010)**

Class of Shareholders	Pre Preferential Issue		Post Preferential Issue (Assuming full allotment of 16,00,000 Equity Shares)	
	No of Shares	%	No of Shares	%
<b>A. Promoters &amp; Promoter Group</b>				
a. Indian Promoters	23,54,400	58.28%	23,54,400	41.75%
b. Foreign Promoter	Nil	Nil	Nil	Nil
<b>Total for Promoter Group</b>	<b>23,54,400</b>	<b>58.28%</b>	<b>23,54,400</b>	<b>41.75%</b>
<b>B. Public Shareholdings</b>				
i Institutional	Nil	Nil	Nil	Nil
ii Non Institutional				
- Bodies Corporate	3,54,550	8.78%	12,99,550	23.04%
- Individuals				
a. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	7,11,252	17.60%	7,11,252	12.61%
b. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	6,09,513	15.09%	12,64,513	22.42%
iii Any Other				
- NRIs/ OCBs	-	-	-	-
- Clearing Members	10,285	0.25%	10,285	0.18%
<b>Total Public Shareholdings</b>	<b>16,85,600</b>	<b>41.72%</b>	<b>32,85,600</b>	<b>58.25%</b>
<b>GRAND TOTAL (A) + (B)</b>	<b>40,40,000</b>	<b>100.00%</b>	<b>56,40,000</b>	<b>100.00%</b>

d) **Consequential Changes in the Voting Rights:**

Voting rights will change in tandem with the shareholding pattern.

e) **Proposed time within which allotment shall be completed :**

The Board proposes to allot the Equity Shares within a period of 15 (fifteen) days from the date of passing of the resolution by the Shareholders in the Extra Ordinary General Meeting, provided that when the allotment on preferential basis is pending on account of pendency of any approval or permission for such allotment by any Regulatory Authority or the Central Government, the period of 15 (fifteen) days shall be counted from the date of such approval or permission.

- f) **The identity of the proposed allottees and the Percentage of Post Preferential Issue capital may be held by them :**

Sr. No	Name of the Proposed Allottees	No. of Equity Shares held prior to the Preferential Allotment	No. of Equity Shares to be issued and allotted	% of Post Issue Equity and Voting Share Capital
1.	Ahinsa Merchandise Pvt Ltd	Nil	165,000	2.93%
2.	Ashish Begwani (HUF)	Nil	165,000	2.93%
3.	Ashu Tradecom Pvt Ltd	Nil	165,000	2.93%
4.	Gian Finance Limited	Nil	165,000	2.93%
5.	Komal Chandak	Nil	100,000	1.77%
6.	Raj kumar Jain	Nil	100,000	1.77%
7.	Sayonara Commerce Pvt Ltd	Nil	100,000	1.77%
8.	Arihant Merchandise Pvt Ltd	Nil	85,000	1.51%
9.	Patni Management Services Pvt Ltd	Nil	85,000	1.51%
10.	Surya Business Pvt. Ltd	Nil	65,000	1.15%
11.	Manoj Kumar Jain	Nil	60,000	1.06%
12.	Imagine Trading Co. Pvt Ltd	Nil	50,000	0.89%
13.	Vijay Kumar chandak (HUF)	Nil	50,000	0.89%
14.	Model Commercial Pvt Ltd	Nil	40,000	0.71%
15.	Bela Om Prakash Jain	Nil	35,000	0.62%
16.	Aloka Jain	Nil	25,000	0.44%
17.	Innovative Dealers Pvt Ltd	Nil	25,000	0.44%
18.	Kamlesh Kumar Agarwal	Nil	25,000	0.44%
19.	Manish Kumar Jain	Nil	25,000	0.44%
20.	Manoj Kumar Jain (HUF)	Nil	25,000	0.44%
21.	Ranjana Khandelwal	Nil	25,000	0.44%
22.	Manish Kumar Jain (HUF)	Nil	20,000	0.35%

- g) **Lock-in :**

The Equity Shares allotted to a group of Strategic Investors, not forming part of the Promoter Group of the Company, shall be subject to "lock-in" for a period of one (1) year from the date of allotment in compliance with Chapter VII of the SEBI (ICDR) Regulations, 2009.

Further, the entire Pre-Preferential allotment shareholding of all the proposed allottees, if any, shall also be under lock-in from the relevant date up to a period of six months from the date of the allotment of Equity Shares.

- h) **Change in the control or composition of the Board :**

Subsequent to the proposed issue of Equity Shares on preferential basis, there will neither be a change in control nor a change in the management of the Company. However there will be a corresponding change in the shareholding pattern as well as voting rights consequent to the preferential allotment of equity shares.

- i) **Price of the Issue :**

The preferential allotment of 16,00,000 equity shares of the face value of Rs. 10/- each shall be at a price of Rs. 60/- (Rupees Sixty Only) per equity share including a premium of Rs. 50/- (Rupees Fifty Only) per equity share.

The relevant date for the purpose of pricing of issue of the shares is 8<sup>th</sup> January 2011, being the 30<sup>th</sup> day prior to 7<sup>th</sup> February, 2011 i.e., the date on which the Extra-Ordinary General Meeting of the shareholders is convened, in terms of Section 81(1A) of the Companies Act, 1956 to

consider the proposed preferential issue. In terms of Regulation 76 of the SEBI (ICDR) Regulations, 2009 the price at which the equity shares are issued on preferential basis is determined at Rs. 60/- per share which is not less than the higher of the following :

- (i) The average of the weekly high and low of the closing prices of the related shares quoted on the Stock Exchange during the six months preceding the relevant date, i.e. Rs. 49.56/- per equity share; or
- (ii) The average of the weekly high and low of the closing prices of the related shares quoted on the Stock Exchange during the two weeks preceding the relevant date, i.e. Rs. 57.45/- per equity share.

“Stock Exchange” for the purpose of this clause means any of the recognized Stock Exchanges in which the equity shares are listed and in which the highest trading volume in respect of the shares of the Company has been recorded during the six months period preceding the relevant date.

**j) Undertakings :**

- (i) The Issuer Company undertakes that they shall re-compute the price of the Equity Shares in terms of the provision of SEBI (ICDR) Regulations, 2009, where it is required to do so.
- (ii) The Issuer Company undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in terms of the provision of SEBI (ICDR) Regulations, 2009, the Equity Shares shall continue to be locked-in till the time such amount is paid by the allottees.

**k) Auditor's Certificate :**

A copy of the certificate from the Statutory Auditors of the Company, M/s. P. D. Rungta & Co., Chartered Accountants, certifying that the issue of the Equity Shares is being made in accordance with the requirement of SEBI (ICDR) Regulations, 2009 for Preferential Issues, will be available for inspection at the Registered Office of the Company during 11.00 a.m. and 1.00 p.m. on any working day up to the date of Extra-Ordinary General Meeting and at the meeting.

Any of the equity shares that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any person/entity/investor, on the same terms and conditions.

The consent of the Shareholders is being sought pursuant of Section 81(1A) and other applicable provisions of the Companies Act, 1956, if any, and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges in India where the Company's shares are listed.

None of the Directors of the Company is, in any way, concerned or interested in the resolution. Your Directors recommend the Special Resolution as set out in the notice for your approval.

By Order of the Board  
For Lords Chemicals Limited



AJAY KUMAR JAIN  
Managing Director

Place: Kolkata  
Date: 11.01.2011