

NOTICE

NOTICE is hereby given that the Nineteenth 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 Saturday, 21st July, 2012 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011 and the Reports of the Directors and the Auditors, thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Ajay Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Navin Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of the Sections 198, 269, 309 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory amendments and/or re-enactment thereof for the time being in force and subject to approval by various authorities including Central Government as may be required, the Company hereby approves the re-appointment of Mr. Partha Majumdar as Whole-time Director of the Company for a period of 5 (five) years with effect from 1st December, 2011 to 30th November, 2016 on a remuneration not exceeding ` 30,000/- per month by way of Salary with liberty to the Board (which term shall be deemed to include the Committee, if any, constituted by the Board from time to time) to alter the said terms and conditions in such manner as may be agreed between the Board and Mr. Partha Majumdar in the best interest of the Company but subject to the restrictions, if any, contained in the Companies Act, 1956 and Schedule XIII of the said Act or otherwise as may be permissible at law.”

“RESOLVED FURTHER THAT, pursuant to all applicable provisions of the Companies Act, 1956, the remuneration of ` 30,000/- per month by way of Salary be paid as minimum remuneration to Mr. Partha Majumdar in the event of absence or inadequacy of profits in any financial year during the tenure of his appointment.”

“RESOLVED FURTHER THAT, the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be required to effect the re – appointment of Mr. Partha Majumdar as Whole-time Director of the Company.”

Place: Kolkata

Date: 11th June, 2012

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

**Jitendra Tiwari
Company Secretary**

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 Commencement of 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. 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) In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote.
- e) Members or their respective proxies are requested to note that no gifts / coupons shall be distributed at the Annual General Meeting.

3. Explanatory Statement:

The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

4. Book Closure:

- a) The Register of Members & Share Transfer Books of the Company will remain closed from Thursday, 17th July, 2012 to Saturday, 21st July, 2012 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
- 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 – 700 001.

5. Change of Address:

- a) 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.
- b) Members holding shares in electronic mode are requested to send the intimation for change of address/bank mandate to their respective Depository Participants.

6. Dividend:

- a) The dividend on Equity Shares as recommended by Board of Directors, if declared at the Meeting, will be paid after the Meeting.
- b) Members holding shares in electronic form may please note that **(i)** 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; **(ii)** 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 request from a Member 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.
- c) 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.

7. 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/ Registrar & Share Transfer Agents, for inquiries in this regard.

8. PAN Details:

Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participants in Securities Market. Members holding Shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are containing their Demat Account. Members holding Shares in physical form can submit their PAN details to the Company/ Registrar & Share Transfer Agents, **Niche Technologies Pvt. Ltd.**

9. Brief Resume:

At the ensuing Meeting Mr. Ajay Kumar Jain and Mr. Navin Kumar Jain, Directors of the Company retire by rotation and being eligible offer themselves for re – appointment. The details pertaining to Mr. Ajay Kumar Jain and Mr. Navin Kumar Jain, required to be provided pursuant to requirement of Clause 49 of the Listing Agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.

10. Green Initiatives :

The Ministry of Corporate Affairs (MCA) has vide its circular dated April 29, 2011 stated that service of notice/documents including Annual Report to the members can be made by e-mail. To support this Green

Initiatives of the MCA, members who have not yet registered their e-mail address are requested to do so (i) in respect of the electronic holdings through their concerned Depository Participants and (ii) in respect of physical holding to Niche Technologies Pvt. Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

The Board of Directors of the Company at its Meeting held on 14th November, 2011 have pursuant to recommendation of Remuneration Committee approved the re – appointment of Mr. Partha Majumdar as Whole-Time Director of the Company for a further period of 5 (five) years commencing from 1st December, 2011 to 30th November, 2016 on a remuneration of ` 30,000/- per month. Mr. Partha Majumdar is entitled for Leave, Personal Accident Insurance, Medical Insurance, Provident Fund and Gratuity as per Companies Rules.

The above remuneration shall be paid as minimum remuneration in the event of absence or inadequacy of profits in any year during the tenure of Mr. Partha Majumdar. Mr. Partha Majumdar will not be entitled to any Sitting Fees for attending any Meeting of the Board and/or Committee(s) of the Company.

Mr. Partha Majumdar, aged 45 years, is B.Sc. Chemistry (Honours) having rich and varied experience. He also holds Diploma in Computer Software Engineering, MS Office and Desktop Publishing. He is also holding Bachelor degree in Boiler Operation Engineering. He had been on the Board of the Company since December, 2006.

Your directors feel that his re - appointment as Whole-Time Director shall be in the interest of the Company.

No Director except Mr. Partha Majumdar himself is deemed to be interested in the said Resolution.

The Board of Directors commends the proposed Resolution for approval of the members.

**Regd. Office:
48A Park Street
5th Floor
Kolkata – 700 016
Date: 11th June, 2012**

**For Lords Chemicals
Limited**

**Jitendra Tiwari
Company Secretary**

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 19th Annual Report for the financial year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

(Amount in Rupees)

| Particulars | 2010-2011 | 2009-2010 |
|--|-----------------|-----------------|
| Total Income | 46,09,36,497.32 | 25,10,54,561.63 |
| Total Expenditure | 42,30,94,879.19 | 24,24,81,646.54 |
| Profit Before Tax | 3,78,41,618.13 | 85,72,915.09 |
| Profit After Tax | 3,30,13,746.13 | 55,00,364.09 |
| Balance brought forward from previous year | 88,46,66,225.28 | 28,94,596.97 |
| Profit Available for Appropriation | 91,76,79,971.41 | 83,94,961.06 |
| Dividend | 62,65,000.00 | 20,20,000.00 |
| Dividend Tax | 10,16,340.00 | 3,35,497.00 |
| Balance carried to Balance Sheet | 91,03,98,631.41 | 60,39,464.06 |

FINANCIAL PERFORMANCE

The Company's gross income for the financial year ended 31st March, 2011 as Rs 46,09,36,497.32 as against Rs 25,10,54,561.63 in the previous year. The Profit before Tax for the year was Rs 3,78,41,618.13 as against Rs 85,72,915.09 in the previous year. The Profit after Tax for the year was Rs 3,30,13,746.13 as against ` 55,00,364.09 in the previous year.

DIVIDEND

Your Directors have recommended a dividend of 5% (Rs 0.50 per share) on increased capital aggregating to Rs.62,65,000/- for the financial year ended 31st March, 2011, which, if approved at the ensuing Annual General Meeting, will be paid to **(i)** all those equity shareholders whose names appear in the Register of Members as on Book Closure and **(ii)** to those whose names appear as beneficial owner, in the list to be furnished by the National Securities Depository Ltd. and Central Depository Services (India) Ltd. as on Book Closure for the purpose.

SCHEME OF AMALGAMATION

Jagati Cokes Pvt. Ltd. has been amalgamated with the Company w.e.f. 1st April, 2010. The Hon'ble High Court at Kolkata has approved the Scheme of Amalgamation by its order dt. 17th May, 2012. The delay in approval of the Scheme by the Hon'ble High Court has delayed the finalisation of the Audited Account for the year ended 31st March, 2011.

DIRECTORS

The following changes have taken place amongst the Board of Directors since the date of last Annual General Meeting –

- i. Mr. Hansraj Jain was appointed as an Additional Director w.e.f. 10th February, 2011 to hold office up to forthcoming AGM. But he resigned on 13th February, 2012.
- ii. Mr. Raghunath Adhya resigned as Non – Executive Independent Director w.e.f. 14th November, 2011 due to personal reason.
- iii. Mr. Partha Majumdar – Whole Time Director of the Company was re-appointed w.e.f. 1st December, 2011 by the Board of Directors at their meeting held on 14th November, 2011.
- iv. In terms of the provision of the Companies Act, 1956, Mr. Ajay Kumar Jain – Managing Director and Mr. Navin Kumar Jain - Director of the Company, retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. A brief resume of the Directors retiring by rotation at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold directorship / membership / chairmanship of the Committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is given in the section on Corporate Governance elsewhere in the Annual Report.

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.

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 from a Practicing Company Secretary 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.

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.

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 Directors) Rules, 1988 are given in the Annexure forming part of this Report.

PARTICULARS OF THE EMPLOYEES

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

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 with 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.

AUDITORS

M/s. P. D. Rungta & Co, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from M/s. P. D. Rungta & Co, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The Directors of the Company have proposed the re-appointment of M/s. P. D. Rungta & Co as Statutory Auditors at the ensuing Annual General Meeting.

The observations and comments given by Auditors in their report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

HUMAN RESOURCES

The Human Resource function constantly endeavors on high performance. Your Company is continuing its emphasis on training and alignment.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

Place : Kolkata
Date : 11th June, 2012

Ajay Kumar Jain
Managing Director

Navin Kumar Jain
Director

ANNEXURE TO DIRECTOR'S REPORT

Statutory information as required u/s 217(1)(e) of the Companies Act, 1956.

A. Conservation of Energy

The energy conservation measures undertaken by the Company ensure savings in energy costs improving operational efficiency. There are no specific additional investments or proposed investments for reduction of consumption of energy since the primary investments decisions are always taken in such a way that energy is spent to the minimum level. 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:

- (a) The boilers are run by Husk and it has saved substantial cost.
- (b) The plant has optimized the process energy balance and facilitated overall energy conservations in plant operation.
- (c) This is an ongoing exercise, the benefit of which is available in the long run.
- (d) Total energy consumption are as under:

| | <u>2010-2011</u> | <u>2009-2010</u> |
|--------------------------------------|------------------|------------------|
| Power & Fuel Consumption: | | |
| (i) | | |
| Electricity Purchased | | |
| Units (in thousands) (KWH) | 1161.385 | 1209.082 |
| Total Amount (₹) | 75,30,879 | 62,09,342 |
| Rate / Unit (₹) | 6.48 | 5.14 |
| (ii) Fuel Purchased | | |
| Quantity (In Ltrs.) | 6,70,000 | 8,30,000 |
| Total Amount (₹) | 2,11,48,832 | 2,26,96,508 |
| Rate / Unit (₹) | 31.57 | 27.35 |

B. Technology Absorption

- (i) The plant is being run by continuous Rotary Kiln capacity.
- (ii) No technology has been imported by your Company during the last 5 years.

C. Foreign Exchange Earnings & Outgo

| | (Amount in ₹) |
|-------------------------------|----------------|
| (a) Foreign Exchange Earnings | : |
| (i) F.O.B value of Exports | Nil |
| (b) Foreign Exchange Outgo | : |
| (i) C.I.F value of Import | |
| Raw materials | 1,77,67,489.20 |
| (ii) Travelling Expenses | Nil |

MANAGEMENT DISCUSSION AND ANALYSIS:

1. INDUSTRY TRENDS & DEVELOPMENT

The Indian economy has registered yet another year of excellent growth, leading to the phase of cyclical upswing in the economy. While the rise in agriculture and service growth is heartening, the major growth support was from the strong rise in the industrial growth.

Your Company is engaged in the production of Sodium Dichromate, Chromic Acid, Sodium Sulphate, Chrome Oxide Green and Chrome Concentrate. The main consumer industries of these products are Iron & Steel Industry, Paints & Pigment Industry, Chromic Acid Plant, COG Plant, Paper Industry, Acid extraction, Electroplating. During the year, with the effect of merger, your company also added Low Ash Metallurgical (LAM) Coke to its product basket. LAM coke is mainly used in Blast Furnace for production of Pig Iron and in Cupola Furnace for production of cast iron.

The performance of your Company has been extremely good, with its revenues nearing doubling itself. It is expected that your company will continue the growth pattern in the coming years also.

2. OPPORTUNITIES & THREATS

The link between risk and reward has become more important for your company as it grapples with the challenges of growing and delivering profits amidst stiff competition from global players. The world economic environment, client expectations and competitive landscape continue to evolve. This brings new challenges and risk such as expansion of overseas-based competitors in India, increasing awareness among the customers and competitive pricing in the market. However with the growth in the Pigment and paint industry, with the support of the Steel industry in the eastern part of the country, your company would continue to have sufficient demand to support its growth.

The industry suffers due to heavy taxation and over regulations. The import continues to be a big threat for the margins of your company. The change in government duties is one of the largest factor in the growth of Chemical Industry.

3. BUSINESS REVIEW / SEGMENT-WISE PERFORMANCE

The financial statements for the year ended have been prepared on a going concern basis. In spite of competitive nature, your company has robust performance during the year under review. It does not have segments.

4. RISKS & CONCERN

The major risk for the products of your company's products continues to be the lack of demand as a result of slowdown in Iron & Steel as well as other industries. 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 and reduction in import duty will be an area of concern in future.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control Systems commensurate with the size and nature of its business. Internal Control Systems are supplemented by internal audits carried out regularly by outside independent qualified Auditors. The Audit Committee interacts with the Statutory and Internal Auditors. The Management also regularly reviews the operational efficiencies, utilisation of fiscal resources and compliance with laws so as to ensure optimum utilisation of resources, achieve better efficiencies and comply with the laws of land.

6. FINANCIAL PERFORMANCE

The company has reported a robust performance during the year. Its sales have swelled to approx Rs. 50 crores this year from Rs. 20.78 crores last year, with its profits after tax growing to Rs.3.78 crores from Rs. 85.7 lacs last year. The merger between the companies is also one of the key contributors to the growth of your company. Also 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 Board has recommended Dividend in 2nd successive year and hope to reward its shareholders in future also.

7. FUTURE OUTLOOK

The outlook for the chemical industry is very positive; 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 is expected to continue to rise in its growth path.

8. HUMAN RESOURCE MANAGEMENT

The Company has a strong and dedicated workforce. The relations between the management and the workforce continue to be cordial during the year. The employees are imparted training on site and are encouraged to participate in the decision making process. The Management acknowledges the contributions made by each employee at all levels and records its appreciation for the co-operations extended, but for which the present growth would not have been possible.

9. CAUTIONARY STATEMENT

This Report contains projections, estimates and expectation etc. which are just "forward-looking statements". Actual results could differ from those expressed or implied in this Report. Important factors that may have impact on Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets, changes in the Government regulations / policies , tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward-looking statements on the basis of any future events or new information. Actual result may differ from those mentioned in the Report.

REPORT ON CORPORATE GOVERNANCE

In the fast changing business scenario, good Corporate Governance helps in achieving long term Corporate Goals of enhancing Stakeholders' value. Corporate Governance focuses on commitment to values adhering to ethical business practices. This includes corporate structures, culture, policies and the manner in which the corporate entity deals with various stakeholders, with transparency being the key word. Accordingly, timely, adequate and accurate disclosure of information on the performance and ownership forms the cornerstone of Corporate Governance.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Any Corporate strategy needs to be dynamic, vibrant, responsive to the changing economic scenario and flexible enough to absorb environmental and fiscal fluctuations. It must harness the inherent strengths of available human resources and materials have the capacity to learn from success or failure and, more importantly, ensure growth with human face. This has always been the guiding philosophy in the Company and will continue to be so in future.

The historic structural reforms initiated by the Government in early 90s have irrevocably transformed the Indian business environment landscape. Deregulation and decontrol, dismantling of trade barriers, partial convertibility and encouragement of foreign investment pose challenges to the industry but simultaneously have opened up new avenues for growth.

The current scenario is both vibrant and optimistic. Response, or lack of it, can make or mar a company. The Company has accepted the challenges.

The Company's philosophy on Corporate Governance aims at attaining the highest level of transparency, accountability towards its stakeholders, including shareholders, employees, the Government, lenders and to maximize returns to shareholders through creation of wealth on sustainable basis.

2. BOARD OF DIRECTORS

2.1 Composition of the Board:

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board. As on 31st March, 2011, the constitution of the Board was –

- One Promoter, Executive Director
- Two Promoter, Non-Executive Directors
- One Non-Promoter, Executive Director
- Three Independent, Non-Executive Directors

Details regarding the category of Directors, attendance of Directors at Board Meetings and the last Annual General Meeting (AGM), number of other Directorships, shares held in the Company and Committee positions held by them in Companies as on 31st March, 2011, are given below:

| Sl. No. | Name of Directors | Category | No. of other Directorship (s) held | | No. of other Companies Committee position held | | No. of Board Meetings | | Attended Last AGM | No. of shares held in the Company as on 31.03.2011 |
|---------|---|-------------------------------|------------------------------------|---------|--|--------|-----------------------|----------|-------------------|--|
| | | | Public | Private | Chairman/Chairperson | Member | Held | Attended | | |
| 1. | Mr. Ajay Kumar Jain – Managing Director | Executive/Promoter | 3 | 5 | - | - | 8 | 8 | Yes | 98400 |
| 2. | Mr. Partha Majumdar | Executive/Whole Time Director | - | - | - | - | 8 | 8 | Yes | NIL |
| 3. | Mr. Navin Kumar Jain | Non-Executive/Promoter | 2 | 6 | - | - | 8 | 8 | Yes | 98900 |
| 4. | Mr. Raghu Nath Adhya | Non-Executive/Independent | - | - | - | - | 8 | 8 | Yes | NIL |
| 5. | Mr. Amar Sinha Ray | Non-Executive/Independent | - | 1 | - | - | 8 | 8 | Yes | NIL |
| 6. | Mr. Rakesh Dubey | Non-Executive/Independent | - | 1 | - | - | 8 | 8 | Yes | NIL |
| 7. | Mr. Hansraj Jain | Non-Executive/Promoter | 1 | 4 | - | - | 8 | - | N. A. | 97800 |

Note:

- a. Independent Director means a Director defined as such under Clause 49 of the Listing Agreement.
- b. Only the three committees viz. the Audit Committee, the Remuneration Committee and the Shareholders/ Investor Grievance Committees are considered.
- c. Mr. Hansraj Jain was appointed as an Additional Director on 10th February, 2011
- 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 clearly 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.

2.4 Number of Board Meetings Held & Details:

| Date of Board Meeting | City | No. of Directors present |
|-----------------------|---------|--------------------------|
| 30.04.10 | Kolkata | 6 out of 6 |
| 13.08.10 | Kolkata | 6 out of 6 |
| 09.11.10 | Kolkata | 6 out of 6 |
| 11.01.11 | Kolkata | 6 out of 6 |
| 10.02.11 | Kolkata | 6 out of 6 |
| 07.03.11 | Kolkata | 6 out of 7 |
| 08.03.11 | Kolkata | 6 out of 7 |
| 21.03.11 | Kolkata | 6 out of 7 |

2.5 Re-appointment of Directors:

The Directors Mr. Ajay Kumar Jain and Mr. Navin Kumar Jain 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 herein below:

Brief Resume of Directors Retiring by Rotation:

Mr. Ajay Kumar Jain aged about 41 years, a Commerce Graduate having rich and varied experience of working for 21 years to his credit in the management of Chemical Project. He is in the Board of Directors of the Company from 1994. Besides the Company, he is also Director in 8 Companies.

Mr. Navin Kumar Jain aged about 39 years as a Commerce Graduate and is associated with the Company since incorporation. He has a rich experience of 18 years in the areas of Finance, Commercial and General Management. Besides the Company, he is also Director in 8 Companies.

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:

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted by the Board comprising three Directors, all being Non-executive & Independent Directors. The Chairman of the Audit Committee is an Independent Director. The Company Secretary acts as the Secretary to the Audit Committee.

The constitution of the Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956 (The Act). The terms of reference and powers of the Audit Committee are according to those contained under Clause 49 of the Listing Agreement and the Act. The Audit Committee, inter-alia, reviews:

- Management Discussion and Analysis of financial conditions and results of operations.
- Quarterly and Annual Financial Results.
- Annual Budget and Variance Reports.
- Significant related party transactions.
- Internal Audit Reports/ Cost Audit Reports.
- Recommendation for appointment of Statutory and Cost Auditors.
- Appointment and remuneration of Internal Auditors.
- Review of Financial Statements/ investments in Subsidiary Company.

During the year ended 31st March, 2011, 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 Ray – Chairman | Non-Executive Independent Director | 4 | 4 |
| Mr. Raghu Nath 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.

5. Remuneration Committee:

The Company has set up a Remuneration Committee which comprises of Mr. Raghu Nath 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 ended 31st March, 2011, the Remuneration Committee did not have any meeting.

5.1 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-à-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.

5.2 The details of remuneration to the Directors:

| Sl. No. | Name of Director | Salary & Allowances etc. | Performance linked income/ bonus paid/ commission payable | Sitting fees paid |
|---------|----------------------------|--------------------------|---|-------------------|
| | Whole-Time Director | | | |
| 1. | Mr. Ajay Kumar Jain | 6,00,000/- | - | - |
| 2. | Mr. Partha Majumdar | 3,00,000/- | - | - |
| | Others: | | | |
| 3. | Mr. Navin Kumar Jain | - | - | 4,000/- |
| 4. | Mr. Amar Sinha Ray | - | - | 6,000/- |
| 5. | Mr. Raghu Nath Adhya | - | - | 6,000/- |
| 6. | Mr. Rakesh Dubey | - | - | 6,000/- |
| 7. | Mr. Hansraj Jain | - | - | - |

Note:

- No Director is related to any other Director on the Board except Mr. Navin Kumar Jain and Mr. Ajay Kumar Jain who are brothers, and Mr. Hansraj Jain is their father.
- The Company has a policy of not advancing any loans to its Directors.
- The appointment of Managing/Whole Time Directors is subject to termination by three months notice in writing by either side.

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:

7.1 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.

7.2 Disclosure of accounting treatment:

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

7.3 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.

7.4 Proceeds from public issues, right issues, preferential issues etc.:

The Company has raised Rs. 9.36 Crores through preferential issue during the year ended 31st March, 2011 for the purpose of future capital expenditure, long term working capital requirements and general corporate purposes.

7.5 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.

7.6 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 or in this 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 ended 31st March, 2011, 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 section 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 ended 31st March, 2011 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 a Practicing Company Secretary, 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:

Details of General Meetings:

Location and time, where last 3 Annual General Meetings (AGM) were held are given below:

| Year | AGM | Location | Date | Time |
|---------|-----|-------------------|------------|------------|
| 2009-10 | AGM | Registered Office | 29.09.2010 | 10-00 A.M. |
| 2008-09 | AGM | -do- | 23.09.2009 | 10-00 A.M. |
| 2007-08 | AGM | -do- | 27.09.2008 | 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. RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified Practicing Company Secretary carried out quarterly Reconciliation of Share Capital to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirmed that the total issued/paid-up capital was in agreement with the aggregate of the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

13. 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 Stock 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.

14. GENERAL SHAREHOLDERS INFORMATION

14.1 Annual General Meeting:

| | | |
|------------|---|--|
| Day & Date | : | Saturday, 21 st July, 2012 |
| Time | : | 10.00 A.M. |
| Venue | : | 48A, Park Street, 5 th Floor, Kolkata - 700 016. |

14.2 Financial Year:

The Financial year of the Company ended on 31st March, 2011. The Board of Directors of the Company at their Meeting held on 21st March, 2011 has approved the Amalgamation of "Jagati Cokes Pvt. Ltd." with Company w.e.f. 1st April, 2010. The Hon'ble High Court at Calcutta has approved the Scheme of Amalgamation on 17th May, 2012 which delayed in finalization of Company's Annual Accounts for the year ended 31st March, 2011.

14.3 Financial Calendar:

Details of announcements of Quarterly Financial Reports during the year 2010 – 11 are as follows:

| | |
|--|-------------------|
| 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 31 st March, 2011 | June, 2012 |

Note: The Financial Results were reviewed by the Audit Committee and thereafter approved by the Board. Annual Audited results for the year ended 31st March, 2011 were announced on 11th June, 2012.

14.4 Date of Book Closure: : 17th July, 2012 to 21st July, 2012 (Both days inclusive)

14.5 Dividend Payment Date: The Board has proposed Dividend of 5% on Rs. 10 Fully Paid up Equity Shares for the Financial Year 2010-11.

14.6 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-400023. |
|---|---|

- (iii) The Jaipur Stock Exchange Ltd.
Indira place, J. L.N. Marg,

Malviya Nagar, Jaipur

14.7 Listing Fees: Listing fees for the year 2010 - 11 have been paid to all the Stock Exchanges as per their schedule.

14.8 Depositories:

i) National Securities Depository Ltd.
Trade World, 4th Floor,
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel,
Mumbai 400 003.

ii) Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers, 17th Floor,
Dalal Street,
Mumbai 400 023.

14.9 Stock Code:

Code

| | |
|---------------------------|--------|
| Calcutta Stock Exchange | 022018 |
| Bombay Stock Exchange | 30274 |
| The Jaipur Stock Exchange | 543 |

14.10 Market Price Data and Performance in comparison to Index:

| Month | Bombay Stock Exchange | | | | Calcutta Stock Exchange | Jaipur Stock Exchange |
|---------------|-----------------------|--------|--------|----------|--|--|
| | High | Low | Close | Vol | | |
| April, 10 | 41.95 | 27.20 | 33.05 | 3,92,248 | There is no trading in Company's shares. | There is no trading in Company's shares. |
| May, 10 | 41.50 | 31.00 | 40.35 | 1,84,515 | | |
| June, 10 | 44.45 | 31.10 | 39.10 | 44,396 | | |
| July, 10 | 48.00 | 33.10 | 39.60 | 1,15,469 | | |
| August, 10 | 52.00 | 39.60 | 47.10 | 3,57,546 | | |
| September, 10 | 54.85 | 45.50 | 51.50 | 2,03,265 | | |
| October, 10 | 56.00 | 43.15 | 49.15 | 1,56,445 | | |
| November, 10 | 57.90 | 44.00 | 51.30 | 2,32,369 | | |
| December, 10 | 65.35 | 44.50 | 53.60 | 2,14,665 | | |
| January, 11 | 140.30 | 51.00 | 111.85 | 5,16,001 | | |
| February, 11 | 169.40 | 96.00 | 165.60 | 2,32,383 | | |
| March, 11 | 208.85 | 161.05 | 194.65 | 2,95,335 | | |

14.11 ISIN NO :

INE 554C01014

14.12 Registrar and Share Transfer Agent :**Niche Technologies Pvt. Ltd.**D-511, Bagree Market, 5th Floor,

71, Biplabi Rash Behari Basu Road

Kolkata-700 001.

14.13 Share Transfer System: The request for transfer of 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.

14.14 Distribution of Shareholding as on 31st March, 2011 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 | 1160 | 80.22 | 1,87,620 | 3.35 |
| 501 – 1,000 | 85 | 5.88 | 71,897 | 1.28 |
| 1,001 – 5,000 | 92 | 6.36 | 2,33,250 | 4.17 |
| 5,001 – 10,000 | 32 | 2.21 | 2,62,298 | 4.68 |
| 10,001 – 50,000 | 48 | 3.32 | 11,28,735 | 20.16 |
| 50,001 – 1,00,000 | 19 | 1.31 | 16,90,400 | 30.19 |
| 1,00,001 and above | 10 | 0.69 | 20,25,800 | 36.18 |
| Total | 1446 | 100.00 | 56,00,000 | 100.00 |

14.15 Distribution of Shareholding on the basis of categories of Shareholders as on 31st March, 2011 is 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 | 1.24 | - | 23,54,400 | 23,54,400 | 42.04 |
| Mutual Funds & UTI | - | - | - | - | - | - |
| Bank & Financial Institution | - | - | - | - | - | - |

| | | | | | | |
|-------------------------------|------|-------|----------|-----------|-----------|--------|
| FII | 61 | 4.22 | 18,700 | 12,98,038 | 13,16,738 | 23.51 |
| Corporates | 1342 | 92.81 | 2,43,002 | 9,56,601 | 18,86,677 | 33.69 |
| Individuals | 1 | 0.07 | 0 | 400 | 400 | 0.01 |
| NRI/CBs | | | | | | |
| Clearing Mem/ Clearing Cor | 24 | 1.66 | 0 | 41,785 | 41,785 | 0.75 |
| Total | 1446 | 100 | 2,61,702 | 53,38,298 | 56,00,000 | 100.00 |

14.16 Dematerialization of shares: Around 95% of Share Capital is held in dematerialized form 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.

14.17 Outstanding GDR/Warrants/

Convertible Bonds: - Not issued -

14.18 Plant locations:

- (a) **Plot** No. 47(A) & 46 Uluberia Industrial Growth Centre, Uluberia, Dist – Howrah, West Bengal
- (b) 27P, Uluberia Industrial Growth Center Uluberia, Birsibpur, Howrah

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

(a) Registrar & 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 – 700016.

14.20. OTHER USEFUL INFORMATION FOR SHAREHOLDERS:

Unclaimed dividend of Rs. 67,308.50 for the year 2009 – 10 is lying with the Company.

15. NON – MANDATORY REQUIREMENT:

- i)** The Company shall take a decision on the maximum tenure of Independent Directors on the Board of Company at an appropriate time.
- ii)** The Company has set up a Remuneration Committee. The Remuneration Committee recommends to the Board of Directors regarding remuneration payable to the Executive Directors.
- iii)** The quarterly/half-yearly results are published in the newspapers and hosted on the Company's website www.lordschemicals.com.
- iv)** The Company is always striving towards ensuring the unqualified financial statements.
- v)** The Company has not yet adopted any system of training for its Board members or performance valuation of its Non-Executive Directors.
- vi)** 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, 2011.

Place : Kolkata
Date : 11th June, 2012

(Ajay Kumar Jain)
Managing Director

CEO/CFO CERTIFICATION

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

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2011 which, are fraudulent, illegal or violative of the Company's Code of Conduct.
4. I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which, I am aware and the steps have been taken or proposed to be take to rectify these deficiencies.
5. I have indicated to the Auditors and the Audit Committee:
 - a) there have been no significant changes in internal control over financial reporting during this period.
 - b) there have been no significant changes in accounting policies during this period.
 - c) there have been no instances of significant fraud of which I have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Place: Kolkata

Date: 11th June, 2012

(Ajay Kumar Jain)
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members
Lords Chemicals Limited,

We have examined the compliance of the conditions of Corporate Governance by **Lords Chemicals Limited** for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement executed between the said Company with Stock Exchange(s) 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 of 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, and presentations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, there were no investor's grievances unattended/pending for more than 30 days as at 31st March, 2011.

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.

Place : Kolkata

Dated : 11th June, 2012

**For A MURARKA & CO
Company Secretaries**

**(CS. ANIL MURARKA)
FCS No.- 3150
COP No.- 1857**

AUDITORS' REPORT

To the Members of Lords Chemicals Limited

We have audited the attached Balance Sheet of **LORDS CHEMICALS LIMITED** as at 31st March 2011 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 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 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 (Auditors' Report) Order, 2003, 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 specified in paragraphs 4 and 5 of the said order.

Further 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 except the policy of the Company to recognize Gratuity on cash basis which is not in accordance with provisions of Accounting Standard-15 (Employee Benefits), issued by the Institute of Chartered Accountants of India, resulting in non measuring of the obligation and the expense in the financial statement.**
5. On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub section(1) of section 274 of Companies Act, 1956.
6. Subject to above in point no. 4 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, gives 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, 2011 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 **P. D. Rungta & Co.**
Chartered Accountants
(RegistrationNo. 001150C)

(CA. Amit Kumar)
Partner

Place:Kolkata,
Dated : 11th June, 2012

Membership No - 067184

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, 2011. 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. 1069.20 Lacs and the year end balance of loan taken from such company was Rs. NIL. 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 explanations 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 contacts 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 31.03.2011 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 (Rs) | Period to which the amount relates | Forum where dispute is pending |
|---------------------------------|-----------------------|-----------------------------|---|--|
| The Central Excise Act, 1944 | Central Excise | 9,03,120/- | 2006-07 | Central Excise & service Appellate Tribunal. |
| W.B. Sales Tax Act, 1994 | Sales Tax | 9,85,224/- | 2003-04 to 2004-05 | Appellate & Revisional Board |
| The VAT Act, 2003 | Value Added Tax | 2,17,459/- | 2006-07 | Appellate & Revisional Board |
| The Central Sales Tax Act, 1956 | Central Sales Tax | 8,83,415/- | 2003-04 and 2004-05 | Appellate & Revisional Board |
| The Central Sales Tax Act, 1956 | Central Sales Tax | 2,09,149/- | 2006-07 | Appellate & Revisional Board |

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 explanation 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 explanations 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 P.D.Rungta & Co.
Chartered Accountants
(Registration No. 001150C)

(CA. Amit Kumar)
Partner

Place:Kolkata,
Dated : 11th June, 2012

Membership No-067184

LORDS CHEMICALS LIMITED
BALANCE SHEET AS AT 31st MARCH 2011

Amount in Rupees

| Particulars | Schedule | AS At 31st March,2011 | As At 31st March, 2010 |
|--|----------|--------------------------|---------------------------|
| SOURCES OF FUNDS | | | |
| Share Holders' Funds : | | | |
| Share Capital | A | 125,300,000.00 | 40,400,000.00 |
| Reserves & Surplus | B | 936,033,516.41 | 6,039,464.06 |
| Loan Funds : | | | |
| Secured Loans | C | 91,373,046.59 | 94,409,997.17 |
| Unsecured Loans | D | - | 19,285,000.00 |
| | | 91,373,046.59 | 113,694,997.17 |
| Deferred Tax (Net) | E | 2,962,090.00 | 2,991,054.00 |
| | | 1,155,668,653.00 | 163,125,515.23 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets : | | | |
| Gross Block | F | 177,764,639.76 | 147,713,748.90 |
| Less : Accumulated Depreciation | | 115,708,660.41 | 100,694,416.70 |
| Net Block | | 62,055,979.35 | 47,019,332.20 |
| Investment : | G | 27,000,000.00 | - |
| Current Assets, Loans and Advances : | | | |
| Inventories | H | 98,755,983.42 | 122,357,000.00 |
| Sundry Debtors | I | 502,752,654.98 | 38,539,895.44 |
| Loans & Advances | J | 541,783,044.25 | 18,573,497.22 |
| Cash & Bank Balance | K | 9,587,835.58 | 18,094,470.74 |
| Other Current Assets | L | 3,080,996.20 | 2,276,055.20 |
| | | 1,155,960,514.43 | 199,840,918.60 |
| Less : Current Liabilities & Provisions : | M | 89,347,840.78 | 83,734,735.57 |
| Net Current Assets | | 1,066,612,673.65 | 116,106,183.03 |
| | | 1,155,668,653.00 | 163,125,515.23 |

**Significant Accounting Policies and
Notes on Accounts**

V

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

In terms of attached Report of even date

For and on behalf of the Board

For **P.D.Rungta & Co**
Chartered Accountants
(Registration No-001150C)

Ajay Kumar Jain
Managing Director

(CA. Amit Kumar)
Partner
Membership No-067184

Navin Kumar Jain
Director

Place : Kolkata
Dated : June 11, 2012.

Jitendra Tiwari
Company Secretary

LORDS CHEMICALS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

| | | Amount in Rupees | |
|--|----------|---|---------------------------|
| Particulars | Schedule | As At 31st March,2011 | As At 31st March, 2010 |
| INCOME : | | | |
| Sales | | 500,694,966.20 | 207,659,552.06 |
| Sales (Trading) | | | |
| Other Income | N | 1,509,002.95 | 1,247,612.32 |
| Transport Subsidy | | - | - |
| Transport Charges on LAMC sales | | - | - |
| Increase / (Decrease) in Stock | O | (41,267,471.83) | 42,147,397.25 |
| | | 460,936,497.32 | 251,054,561.63 |
| EXPENDITURE : | | | |
| Trading Purchase | | 133,139,252.00 | 57,356,670.00 |
| Raw Materials Consumed | P | 193,267,668.26 | 109,417,025.42 |
| Manufacturing Expenses | Q | 58,940,442.32 | 52,056,008.22 |
| Payment to & Provision For Employees | R | 3,789,948.65 | 3,245,892.10 |
| Administrative Expenses | S | 7,524,184.38 | 5,065,612.45 |
| Selling & Distribution Expenses | T | 7,566,583.28 | 781,532.35 |
| Financial Expenses | U | 12,547,110.00 | 8,977,712.00 |
| Depreciation | F | 6,319,690.30 | 5,540,610.00 |
| Prior Period Expenses | | - | 40,584.00 |
| | | 423,094,879.19 | 242,481,646.54 |
| PROFIT / (LOSS) BEFORE TAXATION: | | 37,841,618.13 | 8,572,915.09 |
| Provision for Taxation : | | | |
| Current Tax | | 4,957,845.00 | 3,471,400.00 |
| Deferred Tax Adjustment | | (137,785.00) | (398,849.00) |
| Taxes of Earlier Years | | 7,812.00 | - |
| PROFIT AFTER TAX | | 33,013,746.13 | 5,500,364.09 |
| Balance brought forward from previous year | | 884,666,225.28 | 2,894,596.97 |
| Profit available for appropriation | | 917,679,971.41 | 8,394,961.06 |
| Proposed Final Dividend | | 6,265,000.00 | 2,020,000.00 |
| Dividend Tax | | 1,016,340.00 | 335,497.00 |
| Balance Carried forward To Balance sheet | | 910,398,631.41 | 6,039,464.06 |
| Earning Per Share(Basic & Diluted) | | 2.98 | 1.36 |
| (Refer Note B - 5 in Schedule V) | | | |
| Significant Accounting Policies and Notes on Accounts | | | |
| V | | | |
| Schedules A to V referred to above form an integral part of Balance Sheet. | | | |
| In terms of attached Report of even date | | | |
| For and on behalf of the Board | | | |
| For P.D.Rungta & Co Chartered Accountants (Registration No-001150C) | | Ajay Kumar Jain Managing Director | |
| (CA. Amit Kumar) Partner Membership No-067184 | | Navin Kumar Jain Director | |
| Place : Kolkata Dated : June 11, 2012. | | Jitendra Tiwari Company Secretary | |

LORDS CHEMICALS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Amount in Rupees

| Sl.No. | Particulars | Year ended 31st March, 2011 | Year ended 31st March, 2010 |
|-----------|--|--------------------------------|--------------------------------|
| A. | CASH FLOW FROM OPERATING ACTIVITIES : | | |
| | Net Profit before tax as per Profit and Loss Account | 37,841,618.13 | 8,572,915.09 |
| | Adjustment for : | | |
| | Depreciation and Amortisation | 6,319,690.30 | 5,540,610.00 |
| | Financial Expenses | 12,547,110.00 | 9,549,691.95 |
| | Interest Income | (382,392.30) | (420,149.92) |
| | Profit on sale of Fixed Assets | (4,622.83) | - |
| | Operating Profit Before Working Capital Changes | 56,321,403.30 | 23,243,067.12 |
| | Adjustment for : | | |
| | (Increase)/Decrease in Inventories | 59,094,501.58 | (57904496.25) |
| | (Increase)/Decrease in Sundry Debtors | (26,319,121.54) | (13134876.17) |
| | (Increase)/Decrease in Loans and Advances | (72,577,141.23) | (979813.94) |
| | (Increase)/Decrease in other Current Asset | (636,465.00) | (283697.00) |
| | Increase/(Decrease) in Current Liabilities | (4,674,368.29) | 65047399.69 |
| | Cash Generated from Operation | 11,208,808.82 | 15,987,583.45 |
| | Taxes Paid (Including Corporate dividend tax & fringe Benefit Tax) | (4,709,363.00) | (4,084,913.00) |
| | | 6,499,445.82 | 11,902,670.45 |
| | NET CASH GENERATED FROM OPERATING ACTIVITIES | | |
| B. | CASH FLOW FROM INVESTING ACTIVITIES : | | |
| | Purchase of Fixed Assets | (3,230,645.60) | (3,996,833.53) |
| | Sale of Fixed Assets | 311,000.00 | - |
| | Interest Income | 382,392.30 | 420,149.92 |
| | NET CASH USED IN INVESTING ACTIVITIES | (2,537,253.30) | (3,576,683.61) |
| C. | CASH FLOW FROM FINANCING ACTIVITIES : | | |
| | Issue of Share Capital | 93,600,000.00 | - |
| | Payment of Dividened | (1,952,691.50) | - |
| | Repayment of Loans Fund | (92,154,576.58) | 14,439,767.10 |
| | Financial Expenses Paid | (12,547,110.00) | (9,549,691.95) |
| | NET CASH PROVIDED BY /(USED) IN FINANCING ACTIVITIES | (13,054,378.08) | 4,890,075.15 |
| | NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR | (9,092,185.56) | 13,216,061.99 |
| | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 18,680,021.14 | 4,878,408.75 |
| | CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 9,587,835.58 | 18,094,470.74 |
| | Notes: | | |
| | Cash on Hand | 2,662,294.75 | 1,184,569.51 |
| | Balance with Scheduled Bank on : | | |
| | Current Account | 2,452,326.83 | 1,778,671.23 |
| | Fixed Deposit Account | 4,473,214.00 | 15,131,230.00 |
| | | 9,587,835.58 | 18,094,470.74 |

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

For and on behalf of the Board

For P.D.Rungta & Co
Chartered Accountants
(Registration No-001150C)

Ajay Kumar Jain
Managing Director

(CA.Amit Kumar)
Partner
Membership No-067184

Navin Kumar Jain
Director

Place : Kolkata
Dated : June 11, 2012.

Jitendra Tiwari
Company Secretary

LORDS CHEMICALS LIMITED
Schedules forming part of the Balance Sheet and Profit & Loss Account

Amount in Rupees

| Particulars | Year Ended 31st March,2011 | Year Ended 31st March,2010 |
|--|-------------------------------|-------------------------------|
| SCHEDULE : A | | |
| SHARE CAPITAL : | | |
| Authorised : | | |
| 1,30,00,000 (50,00,000) Equity Shares of Rs.10/- | 130,000,000.00 | 50,000,000.00 |
| (Out of above 70,00,000 shares are added to authorised share capital of the company vide clause 10(c) of Part II of Scheme of Amalgamation) | | - |
| | 130,000,000.00 | 50,000,000.00 |
| Issued, Subscribed & Paid-Up : | | |
| 56,00,000 (40,40,000) Equity Shares of Rs.10/- each fully paid-up | 56,000,000.00 | 40,400,000.00 |
| | | - |
| Share Suspense Account (69,30,000 Equity shares of Rs. 10/- each fully paid-up to be issued to the shareholders of transferor companies M/s Jagati Cokes Pvt. Ltd. as per | 69,300,000.00 | - |
| | 125,300,000.00 | 40,400,000.00 |
| SCHEDULE : B | | |
| RESERVES & SURPLUS : | | |
| Profit & Loss Account (As per annexed A/c) | 910,398,631.41 | 6,039,464.06 |
| Less : Utilised for Issue of 6545000 Equity Shares as Bonus by Jagati Cokes Pvt Ltd. | 65,450,000.00 | - |
| | 844,948,631.41 | 6,039,464.06 |
| Securities Premium Account | 89,250,000.00 | - |
| General Reserve - Capital Subsidy | 1,834,885.00 | - |
| | 936,033,516.41 | 6,039,464.06 |
| SCHEDULE : C | | |
| SECURED LOANS : | | |
| Term Loan (Short Term):- | | |
| The Federal Bank Limited | - | 4,500,000.00 |
| Working Capital Loan (Refer Note B - 3 in Schedule V) | | |
| Bank of India | 44,828,252.99 | 1,908.99 |
| The Federal Bank Limited | 46,544,793.60 | 89,908,088.18 |
| | 91,373,046.59 | 94,409,997.17 |
| SCHEDULE : D | | |
| UNSECURED LOANS : | | |
| From Bodies Corporate | - | 19,285,000.00 |
| | - | 19,285,000.00 |
| SCHEDULE : E | | |
| DEFERRED TAX LIABILITY (Net) : | | |
| Opening Balance | 3,099,875.00 | 3,389,903.00 |
| For the Year Adjustment | (137,785.00) | (398,849.00) |
| | 2,962,090.00 | 2,991,054.00 |
| | | |

LORDS CHEMICALS LIMITED

Schedule forming part of the Balance Sheet and Profit & Loss Account

SCHEDULE : F
FIXED ASSETS

Amount In Rupees

| Description | Rate(%) | Gross Block | | | | Depreciation | | | | Net Block | |
|----------------------------------|---------|-----------------------|--------------------------|----------------------|------------------------|-----------------------|--------------------------|------------------------|------------------------|----------------------|----------------------|
| | | Cost as on 01.04.2010 | Addition During the year | Sale During the year | Total as on 31.03.2011 | Upto 31.03.2010 | Provided during the year | Adjustment due to Sale | Total as on 31.03.2011 | As at 31.03.2011 | As at 31.03.2010 |
| Lease Hold Land & Development | 0.00% | 7,271,329.61 | - | - | 7,271,329.61 | - | - | - | - | 7,271,329.61 | 7,271,329.61 |
| Freehold Land & Site Development | 0.00% | 9,677,341.40 | 163,224.00 | - | 9,840,565.40 | - | - | - | - | 9,840,565.40 | 1,472,860.00 |
| Flat at Ulberia | 0.00% | 425,750.00 | - | - | 425,750.00 | - | - | - | - | 425,750.00 | 425,750.00 |
| Factory Shed & Building | 10.00% | 39,951,504.92 | - | - | 39,951,504.92 | 25,996,711.86 | 1,395,478.99 | - | 27,392,190.85 | 12,559,314.07 | 9,217,203.19 |
| Electric Installation | 13.91% | 6,755,370.89 | - | - | 6,755,370.89 | 5,296,702.25 | 202,900.55 | - | 5,499,602.80 | 1,255,768.09 | 1,174,437.52 |
| Office Equipments | 13.91% | 1,101,589.97 | - | - | 1,101,589.97 | 649,645.17 | 62,865.15 | - | 712,510.32 | 389,079.65 | 445,444.82 |
| Utility Equipments | 13.91% | 10,749,653.62 | 1,239,487.00 | 246,873.00 | 11,742,267.62 | 5,618,643.58 | 729,724.26 | 27,273.57 | 6,321,094.28 | 5,421,173.34 | 5,131,010.04 |
| Plant & Machinery | 13.91% | 62,855,798.49 | - | - | 62,855,798.49 | 43,362,714.22 | 2,711,487.69 | - | 46,074,201.91 | 16,781,596.58 | 14,658,550.19 |
| Captive Generator Set | 13.91% | 2,003,016.61 | - | - | 2,003,016.61 | 1,469,029.86 | 74,277.47 | - | 1,543,307.33 | 459,709.28 | 268,196.16 |
| Laboratory Equipment | 13.91% | 559,979.64 | 410,000.00 | - | 969,979.64 | 325,863.09 | 40,847.00 | - | 366,710.09 | 603,269.55 | 234,116.55 |
| Tools & Implements | 13.91% | 1,262,560.10 | - | - | 1,262,560.10 | 1,016,857.06 | 34,177.00 | - | 1,051,034.06 | 211,526.04 | 245,703.04 |
| Storage Tanks | 13.91% | 10,862,155.52 | - | - | 10,862,155.52 | 8,818,537.85 | 284,267.00 | - | 9,102,804.85 | 1,759,350.67 | 2,043,617.67 |
| Water, Pump & Pipe Fittings | 13.91% | 7,741,630.42 | 21,959.60 | - | 7,763,590.02 | 5,909,620.42 | 256,966.99 | - | 6,166,587.41 | 1,597,002.61 | 1,796,172.52 |
| Platorm & Ductings | 13.91% | 10,728,922.25 | - | - | 10,728,922.25 | 8,830,996.87 | 264,001.00 | - | 9,094,997.87 | 1,633,924.38 | 1,897,925.38 |
| Air Conditioner | 13.91% | 249,019.00 | - | - | 249,019.00 | 115,326.35 | 18,597.00 | - | 133,923.35 | 115,095.65 | 133,692.65 |
| Furniture & Fittings | 18.10% | 148,679.11 | - | - | 148,679.11 | 119,987.08 | 5,192.97 | - | 125,180.05 | 23,499.06 | 7,670.08 |
| Motor Veichles | 25.89% | 1,981,687.55 | 1,359,367.00 | 419,163.00 | 2,921,891.55 | 1,431,150.71 | 201,902.12 | 332,385.26 | 1,300,667.57 | 1,621,223.98 | 520,394.58 |
| Computer & Accessories | 40.00% | 874,041.06 | 36,608.00 | - | 910,649.06 | 786,842.59 | 37,005.11 | - | 823,847.70 | 86,801.36 | 75,258.20 |
| Total : | | 175,200,030.16 | 3,230,645.60 | 666,036.00 | 177,764,639.76 | 109,748,628.96 | 6,319,690.30 | 359,658.83 | 115,708,660.43 | 62,055,979.33 | 47,019,332.20 |
| Previous Year | | 143,716,915.37 | 3,996,833.53 | - | 147,713,748.90 | 96,153,806.70 | 5,540,610.00 | - | 100,694,416.70 | 47,019,332.20 | - |

Note : Depreciation on Flat at Ulberia has not been provided as decided by the Management.

LORDS CHEMICALS LIMITED
Schedules forming part of the Balance Sheet and Profit & Loss Account

Amount in Rupees

| Particulars | Year Ended 31st March,2011 | Year Ended 31st March,2010 |
|---|-------------------------------|-------------------------------|
| SCHEDULE : G | | |
| INVESTMENT : | | |
| In Shares (Un-quoted, Long Term, at Cost) | | |
| Mahabir Coke Industries Pvt Ltd. | 27,000,000.00 | - |
| | 27,000,000.00 | - |
| SCHEDULE : H | | |
| INVENTORIES : | | |
| (At Lower of Cost and Net Realisable Value) | | |
| (As taken, Valued & Certified by the management) | | |
| Raw Materials | 67,032,808.50 | 50,300,015.00 |
| Finished Goods | 15,999,111.00 | 59,730,541.00 |
| Stock in Process | 12,681,408.17 | 9,420,697.00 |
| Stores & Spares | 3,042,655.75 | 2,905,747.00 |
| | 98,755,983.42 | 122,357,000.00 |
| SCHEDULE : I | | |
| SUNDRY DEBTORS : | | |
| (unsecured, considered good) | | |
| More than six months | 385,467,121.52 | 185,984.00 |
| Other Debts | 117,285,533.46 | 38,353,911.44 |
| | 502,752,654.98 | 38,539,895.44 |
| SCHEDULE : J | | |
| LOANS & ADVANCES : | | |
| (Unsecured, considered Good) | | |
| Advance to Suppliers | 2,977,038.76 | 2,764,422.42 |
| Staff Advance Account | 130,115.00 | 775,085.00 |
| Other Advances | 264,668,954.90 | 3,115,509.00 |
| Balance with Commercial Tax Department | 14,119,504.59 | 4,689,663.80 |
| Balance with Central Excise Department | 10,171,132.00 | 1,526,786.00 |
| Income Tax Refundable | 57,370.00 | 57,370.00 |
| Tax Deducted at Source | 567,275.00 | 534,017.00 |
| Interest Subsidy Receivable | 1,474,075.00 | - |
| Transport Subsidy Receivable | 238,171,213.00 | - |
| Advance Fringe Benefit Tax | 170,986.00 | 168,370.00 |
| Advance Income Tax | 9,275,380.00 | 4,942,274.00 |
| | 541,783,044.25 | 18,573,497.22 |
| SCHEDULE : K | | |
| CASH & BANK BALANCE : | | |
| Cash in Hand (as certified by the management) | | |
| | 2,662,294.75 | 1,184,569.51 |
| Balance with Scheduled Bank : | | |
| Current Account | 2,452,326.83 | 1,778,671.23 |
| Fixed Deposit Account | 4,473,214.00 | 15,131,230.00 |
| (Rs. 18,83,136.00 held as Margin Money against L/C) | | |
| | 9,587,835.58 | 18,094,470.74 |

LORDS CHEMICALS LIMITED
Schedules forming part of the Balance Sheet and Profit & Loss Account

Amount in Rupees

| Particulars | Year Ended 31st March,2011 | Year Ended 31st March,2010 |
|---|-------------------------------|-------------------------------|
| SCHEDULE : L | | |
| OTHER CURRENT ASSETS : | | |
| Pre-Paid Expenses | 480,039.00 | 250,617.00 |
| Sundry Deposits | 2,600,957.20 | 2,025,438.20 |
| | 3,080,996.20 | 2,276,055.20 |
| SCHEDULE : M | | |
| CURRENT LIABILITIES & PROVISIONS : | | |
| A.Current Liabilities : | | |
| Sundry Creditors for Goods | 63,200,565.16 | 68,264,467.75 |
| Sundry Creditors for Expenses | 618,892.90 | 767,338.46 |
| Statutory Dues payable | 640,649.90 | 257,122.00 |
| Advance from Customers | 41,060.32 | 41,955.36 |
| Buyer's Credit - Federal Bank | 6,143,665.00 | 5,653,968.00 |
| Unpaid dividend (09-10) | 67,308.50 | - |
| | 70,712,141.78 | 74,984,851.57 |
| B.Provisions : | | |
| For Income Tax | 11,190,126.00 | 6,232,281.00 |
| For Fringe Benefit Tax | 164,233.00 | 162,106.00 |
| For Proposed Dividend | 6,265,000.00 | 2,020,000.00 |
| For Dividend Tax | 1,016,340.00 | 335,497.00 |
| | 18,635,699.00 | 8,749,884.00 |
| | 89,347,840.78 | 83,734,735.57 |
| SCHEDULE : N | | |
| OTHER INCOME : | | |
| Interest Received (TDS Rs. 32,948/-, Prev. Yr. Rs.35,298/-) | 382,392.30 | 420,149.92 |
| Rebate & Claims | 335,244.52 | - |
| Exchange Rate Difference | 539,993.80 | 783,385.40 |
| Profit on sale of Fixed Assets | 4,622.83 | - |
| Interest Subsidy | - | - |
| Discount Received | 240,976.00 | - |
| Misc. Income | 5,773.50 | 44,077.00 |
| | 1,509,002.95 | 1,247,612.32 |
| SCHEDULE : O | | |
| INCREASE / (DECREASE) IN STOCK : | | |
| Closing Stock | | |
| Finished Goods | 15,999,111.00 | 59,730,541.00 |
| Stock in Process | 12,681,408.17 | 9,420,697.00 |
| | 28,680,519.17 | 69,151,238.00 |
| Less : Opening Stock | | |
| Finished Goods | 60,527,294.00 | 4,158,840.75 |
| Stock in Process | 9,420,697.00 | 22,845,000.00 |
| | 69,947,991.00 | 27,003,840.75 |
| | (41,267,471.83) | 42,147,397.25 |

LORDS CHEMICALS LIMITED
Schedules forming part of the Balance Sheet and Profit & Loss Account

Amount in Rupees

| Particulars | Year Ended 31st March,2011 | Year Ended 31st March,2010 |
|---|-------------------------------|-------------------------------|
| SCHEDULE : P | | |
| RAW MATERIALS CONSUMED : | | |
| Opening Stock | 84,996,747.00 | 35,273,627.00 |
| Add: Purchase | 142,057,970.41 | 72,043,688.08 |
| Add: Purchase Import (Gross) | 17,767,489.20 | 24,285,393.00 |
| Add: Custom Duty | 1,446,023.00 | 1,964,187.00 |
| Add: Carriage Inward | 12,629,843.40 | 24,555,582.04 |
| Add: Clearing & Forwarding expenses | 1,402,403.75 | 1,594,563.30 |
| | 260,300,476.76 | 159,717,040.42 |
| Less : Closing Stock | 67,032,808.50 | 50,300,015.00 |
| | 193,267,668.26 | 109,417,025.42 |
| SCHEDULE : Q | | |
| MANUFACTURING EXPENSES : | | |
| Opening Stock | 2,905,747.00 | 2,175,036.00 |
| Add: Stores Purchase | 39,746,964.51 | 33,742,285.62 |
| Add: Carriage Inward | 715,265.00 | 1,424,478.00 |
| | 43,367,976.51 | 37,341,799.62 |
| Less : Closing Stock | 3,042,655.75 | 2,905,747.00 |
| Stores Consumed | 40,325,320.76 | 34,436,052.62 |
| Power & Fuel | 8,240,024.30 | 6,647,339.00 |
| Water Expenses | 410,271.00 | 451,925.00 |
| Labour & Processing Charges | 2,985,611.79 | 2,437,926.37 |
| Production Salary | 1,851,870.00 | 1,695,550.00 |
| Repairs & Maintenance | 3,839,494.76 | 5,492,838.28 |
| Factory Insurance | 376,256.00 | 170,045.00 |
| Pollution Treatment Expenses | 656,811.00 | 413,919.00 |
| Safety Equipments Expenses | 175,055.00 | 86,186.00 |
| Testing & Laboratory Expenses | 79,727.71 | 149,226.95 |
| Godown Rent | - | 75,000.00 |
| | 58,940,442.32 | 52,056,008.22 |
| SCHEDULE : R | | |
| PAYMENT TO & PROVISION FOR EMPLOYEES : | | |
| Salary & Bonus | 3,083,999.40 | 2,616,151.00 |
| Contribution to E.S.I.C. | 177,939.25 | 160,754.10 |
| Contribution to P. F.,Pension & Other Charges | 528,010.00 | 468,987.00 |
| | 3,789,948.65 | 3,245,892.10 |

LORDS CHEMICALS LIMITED
Schedules forming part of the Balance Sheet and Profit & Loss Account

Amount in Rupees

| Particulars | Year Ended 31st March,2011 | Year Ended 31st March,2010 |
|---|-------------------------------|-------------------------------|
| SCHEDULE : S | | |
| ADMINISTRATIVE EXPENSES : | | |
| Directors Remuneration | 900,000.00 | 540,000.00 |
| Director's Sitting Fees | 22,000.00 | 21,000.00 |
| Office Rent | 284,497.65 | 33,509.00 |
| Electricity Charges | 266,947.00 | 283,734.00 |
| Rates & Taxes | 123,381.00 | 852,667.00 |
| Office Repairs & Maintenance | 477,671.00 | 5,550.00 |
| Auditors' Remuneration | 82,725.00 | 44,120.00 |
| Internal Audit Fees | 2,500.00 | 2,500.00 |
| Bank Charges | 566,778.41 | 571,979.95 |
| General Expenses | 53,673.71 | 71,147.87 |
| Subscription & Advertisement | 758,301.25 | 184,958.58 |
| Membership Fees | 8,282.00 | 14,266.00 |
| Stationery & Computer Maintenance | 78,676.00 | 125,573.00 |
| Moter Car Maintenance | 54,599.00 | 100,807.00 |
| Telephone Expenses | 500,253.36 | 672,671.67 |
| Postage & Telegram | 81,551.00 | 34,541.83 |
| Legal & Profession Fees | 2,015,024.50 | 212,672.50 |
| Share Transfer & Registration | 70,916.00 | 46,726.00 |
| Security Service Charges | 389,142.00 | 348,882.00 |
| Filing Fees | 58,180.00 | 11,444.00 |
| Listing Fees | 165,983.50 | 369,329.05 |
| Travelling & Conveyance | 561,978.00 | 107,616.00 |
| Sundry Balance written off | 1,124.00 | 409,917.00 |
| | 7,524,184.38 | 5,065,612.45 |
| SCHEDULE : T | | |
| SELLING & DISTRIBUTION EXPENSES : | | |
| Sales Promotion | 49,214.96 | 38,142.51 |
| Carriage Outward | 2,284,650.00 | 499,462.00 |
| Transportation charges of O/W | - | - |
| Commission Expenses | 51,000.00 | - |
| Liquidated Damage Charges | 93,869.32 | - |
| Sales Tax | 5,082,402.00 | - |
| Discount Allowed | 5,447.00 | 243,927.84 |
| | 7,566,583.28 | 781,532.35 |
| SCHEDULE : U | | |
| FINANCIAL EXPENSES : | | |
| Bank Interest on C.C. A/c. (Net of Intt. Subsidy of Rs. 14,74,075/- recd. From AIDC) | 12,492,982.00 | 7,163,584.00 |
| Bank Interest on STTL | 54,128.00 | 40,730.00 |
| Other Interest | - | 1,773,398.00 |
| | 12,547,110.00 | 8,977,712.00 |

SCHEDULE : V

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.

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 the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets & liabilities as at the date of the financial statements and reported amount of income and expenses during the period.

3. Fixed Assets :

All fixed assets are valued at historical 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 considered as impaired in accordance with Accounting Standard - 28 on Impairment of Assets when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the profit and loss account.

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 :

The Company reports Basic and Diluted earnings per equity share in accordance with the AS - 20 on Earning per Share. Basic Earning per share is calculated by dividing the net profit or loss after tax 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 after tax 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. Contingent Assets are neither recognised nor disclosed in the financial statements.

17. Cash Flow Statements :

The Cash Flow Statement is prepared by the indirect method set out in AS -3 on Cash Flow Statements and presents the cash flows from operating, investing and financing activities of the Company.

18. Investments :

Current investments are carried at the lower of cost or quoted/ fair value. Long term investments are stated at cost of acquisition. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

19. Government Grants/Subsidies :

Government grants/ Subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants are recognized in the Profit & Loss Account either as income or deducted from related expenses. Capital grants/ subsidies are credited to respective fixed assets where it relates to specific fixed assets. Other grants / subsidies are credited to capital reserve.

B. NOTES ON ACCOUNTS :

1. Contingent Liabilities Not Provided For :

i) LCL has received demand notice from Sales Tax Authority of Rs.22,95,247.00 (previous year Rs.20,66,665.00) for the financial year 2003-2004, 2004-2005 & 2006-2007. LCL has filed the appeal before the Appellate Authorities.

ii) LCL has received demand notice from Central Excise Authority of Rs.9,03,120.00 (previous year Rs.9,03,092.00) for the year 2006-2007. LCL has filed an appeal before the CESTAT.

2. Disclosure of Amalgamation under Accounting Standard - 14 of ICAI :

(a) The Hon'ble Calcutta High Court has vide its order dated 18th May, 2012 approved the merger of Lords Chemicals Limited (Transferee Company) with Jagati Cokes Private Limited (Transferor Company) effective from 1st April, 2010 (appointed date).

(b) **The approved scheme is an amalgamation in the nature of Merger** and accounting has been done on the basis of "**the Pooling of Interest Method**" as prescribed by AS-14 of ICAI. All assets, liabilities and other transactions of transferor Company with effect from 1st April, 2010 has been incorporated in the books of transferee company at book value as a going concern on line by line basis except its subscribed, issued and paid-up capital of Rs. 6,93,00,000/- which has been accounted as under in the financial statement as per approved scheme:

(i) As per the approved scheme, the Authorised Share capital of the Transferor Company has been added to the Authorised Share Capital of the Transferee Company and forms part of the Authorised Share Capital of the Transferee Company without any further act or deed.

(ii) Pending allotment formalities, a total amount of Rs. 6,93,00,000/- representing 6930000 fully paid equity shares of Rs. 10/- each of the Transferee Company to be issued to the Shareholders of Transferor Company (exchange ratio being 1:1) has been shown as the Share Capital Suspense Account.

3. Secured Loans :

The Working Capital Loans are secured by:

First charge on the entire current assets of the Company,

Equitable Mortgage of the Factory Land & Building being assets of Transferor Company,

Hypothecation of Plant & Machinery being assets of Transferor Company,

Personal guarantee by directors of the Company.

4. 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) | Rs.600000.00 | 01.01.2009 | 31.12.2013 |
| Mr. Partha Majumdar (Whole time Director) | Rs.300000.00 | 01.12.2006 | 30.11.2011 |

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

(Amount in rupees)

| Particulars | 2010-2011 | 2009-2010 |
|--|--------------------|-------------------|
| Paid to Whole time Directors: | | |
| Salary, Allowance etc. | 900000.00 | 540000.00 |
| Directors' Sitting Fees | 22000.00 | 21000.00 |
| Total | 922000.00 | 561000.00 |
| Computation of profit for the purpose of Managerial Remuneration | | |
| Profit before tax as per Profit & Loss account | 37841618.13 | 8572915.09 |
| ADD: Depreciation (as per accounts) | 6319690.30 | 5540610.00 |
| : Directors Remuneration | 900000.00 | 540000.00 |
| : Directors Sitting Fees | 22000.00 | 21000.00 |
| Total | 45083308.43 | 14674525.09 |
| LESS: Depreciation (u/s. 350 of the Companies Act, 1956) | 6319690.30 | 5540610.00 |
| : Whole time Directors Remuneration | 900000.00 | 540000.00 |
| : Directors Sitting Fees | 22000.00 | 21000.00 |
| Total | 7241690.30 | 6101610.00 |
| Profit for the period | 37841618.13 | 8572915.09 |
| Net profit under section 349 of the Companies Act 1956 | 37841618.13 | 8572915.09 |

5. Earning Per Share (EPS) :

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

(Amount in rupees)

| Sl. No. | Particulars | 2010-2011 | 2009-2010 |
|---------|--|-------------|------------|
| 01 | Net profit after tax for the year (Rs.) | 33013746.13 | 5500364.09 |
| 02 | Weighted average number of Equity Shares of Rs.10 each outstanding during the period : | 11072575 | 4040000 |
| 03 | Basic /Diluted Earnings per share (Rs.) | 2.98 | 1.36 |

6. Deferred Tax Liability :

In terms of Accounting Standard – 22, net Deferred Tax liability of Rs. 29,62,090.00 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 rupees)

| Sl. No. | Particulars | 31.03.2011 | 31.03.2010 |
|---------|---|------------|------------|
| 1. | Timing Difference in depreciable assets (Liability) | 2962090.00 | 2991054.00 |
| 2. | Timing Difference for Brought Forward | NIL | NIL |

| | | | |
|--|---------------|--|--|
| | Loss (Asset) | | |
|--|---------------|--|--|

7. Sundry creditors include **Rs. Nil** due to micro, small & medium enterprises to the extent such parties have been identified from the available documents /information.
8. 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.
9. 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.
10. The details of Auditors Remuneration are as follows:

| Particulars | Amount in rupees | |
|---------------------|------------------|-----------|
| | 2010-2011 | 2009-2010 |
| Statutory Audit Fes | 66180.00 | 33090.00 |
| Tax Audit Fees | 16545.00 | 11030.00 |

11. **Foreign Currency Transaction :**
a) **CIF Value of Imports:**

| Particulars | Amount in rupees | |
|---------------|------------------|-------------|
| | 2010-2011 | 2009-2010 |
| Raw materials | 17767489.20 | 24285393.00 |

b) Foreign Traveling Expenses is **Rs. NIL** (Previous Year **Rs. NIL**)

12. **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.

13. **Related Party Disclosure :**

- Name of the related parties with whom the transactions were carried out during the year :

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

- Transactions** during the year with related parties :

| Nature of Transaction | Amount in rupees | | | |
|-------------------------|------------------------------|-----|-----------------|--------------------------------------|
| | Associates | KMP | Relative of KMP | Total |
| Sales of goods | 35880000.00 (NIL) | -- | -- | 35880000.00 (NIL) |
| Sales of Fixed Assets | 177840.00 (NIL) | -- | -- | 177840.00 (NIL) |
| Loans & Advances repaid | 19285000.00 (60715000.00) | -- | -- | 19285000.00 (60715000.00) |

| | | | | |
|------------------------|------------------------------|--------------------------|--------------------------|--|
| Rent | -- | -- | 12000.00 (12000.00) | 12000.00 (12000.00) |
| Directors Remuneration | -- | 900000.00 (540000.00) | -- | 900000.00 (540000.00) |
| Salary | -- | -- | 360000.00 (360000.00) | 360000.00 (360000.00) |
| Purchases | 29292018.00 (62697925.65) | -- | -- | 29292018.00 (62697925.65) |

Notes : Figures in brackets relate to previous year.

- Closing Balance :

| Relationship | Amount in Lac | |
|--------------|---------------------------|---------------------------|
| | Balance as on 31.03.11 | Balance as on 31.03.10 |
| Associates | NIL | 767.72 |

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

| Repairs & Maintenance : | <u>2010-2011</u> | <u>2009-2010</u> |
|--------------------------|--------------------------------|------------------------------|
| a) For Building | : Rs. NIL | Rs. 257200.00 |
| b) For Plant & Machinery | : Rs 3634651.70 | Rs. 4388775.66 |
| c) For others | : <u>Rs. 204843.06</u> | <u>Rs. 846862.62</u> |
| Total | : <u>Rs. 3839494.76</u> | <u>Rs. 5492838.28</u> |

15. Additional Information pursuant to requirements of provisions of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 for the period under review :

- (i) Details of Capacity & Production* :

| Sl. No. | Items | Units | Installed Capacity (TPA) | Production |
|---------|---------------------|-------|--------------------------|------------------------|
| 01 | Sodium Dichromate | MT | 4200 (4200) | 1950.758 (2045.500) |
| 02 | Sodium Sulphate | MT | 3000 (3000) | 1380.600 (1392.575) |
| 03 | Chromic Acid Flakes | MT | 900 (900) | 641.650 (658.341) |
| 04 | Chromic Oxide Green | MT | 150 (150) | 58.100 (73.050) |
| 05 | Breeze Coke | MT | 69052 (0.000) | 8900.000 (0.0000) |

* (As certified by the Management and on which Auditors have placed reliance, this being a technical matter)

- (ii) Quantitative Information: Production, Stock, Sales of Goods produced/ Traded during the year :

Amount in rupees

| Particulars | Unit | Opening Balance | | Purchases/ Production | Transfer | Sales | | Closing Balance | |
|---------------------|------|----------------------|----------------------------|--------------------------|------------------------|------------------------|--------------------------------|----------------------|---------------------------|
| | | Qty | Amount | Qty | Qty | Qty | Amount | Qty | Amount |
| Sodium Dichromate | MT | 4.000 (10.000) | 255955.00 (800000.00) | 1966.758 (2045.500) | 1545.650 (1600.100) | 420.108 (451.400) | 33215062.00 (31588750.00) | 5.000 (4.000) | 430000.00 (255955.00) |
| Sodium Sulphate | MT | 285.460 (133.535) | 6416.00 (60090.75) | 1380.600 (1392.575) | 0.000 (0.000) | 1500.050 (1240.650) | 198410.00 (539042.35) | 166.010 (285.460) | 16601.00 (6416.00) |
| Chromic Acid Flakes | MT | 10.900 (18.850) | 1580500.00 (3298750.00) | 641.650 (658.341) | 0.000 (0.000) | 650.550 (666.291) | 107350950.00 (101844554.05) | 2.000 (10.900) | 368000.00 (1580500.00) |
| Chrome Oxide Green | MT | 3.000 (0.000) | 531000.00 (0.000) | 58.100 (73.050) | 0.000 (0.000) | 61.100 (70.050) | 13681750.00 (12891000.00) | 0.00 (3.000) | 0.00 (531000.00) |
| Coal | MT | 6936.760 (0.000) | 57356670.00 (0.000) | 0.000 (6936.760) | 800.100 (0.000) | 6136.660 (0.000) | 55692966.00 (0.00) | 0.000 (6936.760) | 0.00 (57356670.00) |
| Ferro Silicon | MT | 0.000 (0.000) | 0.00 (0.00) | 1550.500 (0.000) | 0.000 (0.000) | 1550.500 (0.000) | 104325200.00 (0.00) | 0.000 (0.000) | 0.00 (0.00) |
| Silico Manganese | MT | 0.000 (0.000) | 0.00 (0.00) | 421.495 (0.000) | 0.000 (0.000) | 421.495 (0.000) | 23693957.50 (0.00) | 0.000 (0.000) | 0.00 (0.00) |
| Breeze Coke | MT | 194.330 (0.000) | 796753.00 (0.00) | 8900.000 (0.000) | 0.000 (0.000) | 7713.920 (0.000) | 81684529.00 (0.00) | 1380.410 (0.000) | 15184510.00 (0.00) |

Note : i) Figures in brackets relate to previous year

(iii) Raw Material Consumed :

Amount in rupees

| Particulars | Unit | As on 31.3.2011 | | As on 31.3.2010 | |
|------------------------------|------|-----------------|---------------------|-----------------|---------------------|
| | | Qty | Amount | Qty | Amount |
| Soda Ash | MT | 2173.220 | 25078629.49 | 2301.310 | 28568249.70 |
| Chrome ore | MT | 9078.584 | 83940706.33 | 5320.255 | 33887379.98 |
| Chrome Concentrate | MT | 479.360 | 4243219.00 | 0.000 | 0.00 |
| TL Chrome | MT | 0.000 | 0.00 | 11448.980 | 35055342.00 |
| Sodium Dichromate | MT | 16.00 | 1280478.00 | 0.000 | 0.00 |
| Lime powder | MT | 2316.195 | 7266026.90 | 2371.340 | 5856414.02 |
| Sulphuric Acid | MT | 2240.107 | 12359351.54 | 2215.790 | 6049639.72 |
| Raw Coal | MT | 17800.000 | 59099257.00 | 0.000 | 0.00 |
| | | Total | 193267668.26 | Total | 109417025.42 |
| Net balance taken to P&L A/C | | | 193267668.26 | | 109417025.42 |

(iv) Break-up of Raw Material Purchased:

| Particulars | As on 31.3.2011 | | As on 31.3.2010 | |
|----------------------|-----------------|---------------------|-----------------|---------------------|
| | % | Value | % | Value |
| Imported Materials | 12.66 | 24461448.49 | 23.42 | 25625597.30 |
| Indigenous Materials | 87.34 | 109706962.77 | 76.58 | 83791428.12 |
| | 100.00 | 193267668.26 | 100.00 | 109417025.42 |

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

(v) Break-up of Sales:

| Particulars | As on 31.3.2011 | | As on 31.3.2010 | |
|-------------|-----------------|---------------------|-----------------|---------------------|
| | % | Value | % | Value |
| Export | 0.00 | 0.00 | 0.00 | 0.00 |
| Indigenous | 100.00 | 500694966.20 | 100.00 | 207659552.06 |
| | 100.00 | 500694966.20 | 100.00 | 207659552.06 |

16. 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)

17. **Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 is annexed.**

18. Figures of the previous year have been regrouped /rearranged wherever necessary. The current year figures are not comparable with the previous year figures owing to the scheme of amalgamation.

Signature to Schedule A to V
In terms of our report of even date annexed

For P.D.Rungta & Co.
Chartered Accountants
(Registration No-001150C)

(CA. Amit Kumar)
Partner
Membership No-067184

Place: Kolkata
Dated : June 11, 2012

For and on behalf of the Board

Ajay Kumar Jain
Managing Director

Navin Kumar Jain
Director

Jitendra Tiwari
Company Secretary

LORDS CHEMICALS LIMITED

ANNEXURE TO THE NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH,2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

| | | | |
|--------------------|-------|------------|----|
| Registration No. | 55558 | State Code | 21 |
| Balance Sheet Date | 31 | 03 | 11 |

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

| | | | |
|--------------|-------------|-------------|-------------------|
| Public Issue | Right Issue | Bonus Issue | Private Placement |
| NIL | NIL | 65450 | 15,600 |

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

| | |
|-------------------|--------------|
| Total Liabilities | Total Assets |
| 1,155,669 | 1,155,669 |

Sources of Funds

| | | | |
|-----------------|--------------------|---------------|------------------|
| Paid-up Capital | Reserves & Surplus | Secured Loans | Un-Secured Loans |
| 125,300 | 936034 | 91373 | - |
| Deferred Tax | Share Application | | |
| 2962 | 0.00 | | |

Application of Funds

| | | | |
|--------------------|-------------|--------------------|-------------------|
| Net Fixed Assets | Investments | Net Current Assets | Misc. Expenditure |
| 62056 | 27000 | 1066613 | 0.00 |
| Accumulated Losses | | | |
| 0.00 | | | |

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

| | | |
|-----------------------|--------------------------|------------------------|
| Turnover | Total Expenditure | Profit/Loss before Tax |
| 500695 | 423095 | 37842 |
| Profit/Loss After Tax | Earning per Share in Rs. | Dividend Rate % |
| 33,014 | 2.98 | 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 |
| Item Code No. (ITC Code) | 2704 00 03 | | |
| Product | Breeze Coke | | |

For and on behalf of the Board

For P.D.Rungta & Co
Chartered Accountants
(Registration No-001150C)

Ajay Kumar Jain
Managing Director

(CA. Amit Kumar)
Partner
Membership No-067184

Navin Kumar Jain
Director

Place : Kolkata
Dated : June 11, 2012.

Jitendra Tiwari
Company Secretary

ECS Mandate Form

he Technologies Pvt. Ltd.

11, Bagree Market, 5th Floor,

Biplabi Rash Behari Basu Road

<ata-700 001

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

I/We hereby give my/our mandate to credit my/our Dividend on the shares held by me/us under the aforesaid 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)

LORDS CHEMICALS LIMITED
Registered Office:48A PARK STREET 5TH FLOOR
KOLKATA- 700 016

ATTENDANCE SLIP
(to be completed by Member/Proxy)

Name of Member/Proxy : (in block letters)Mr./Mrs./Ms. _____

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

I hereby record my presence at the 19th Annual General Meeting of the Company held on Saturday, 21st July, 2012 at 10.00 A.M.

Venue : 48A Park Street 5th Floor
Kolkata – 700 016

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.

LORDS CHEMICALS LIMITED
Registered Office: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 and on my/ our behalf at the 19th Annual General Meeting of the Company to be held on Saturday, 21st July, 2012 at 10.00 AM at the Registered Office of the Company at 48A, Park Street,5th Floor, Kolkata 700 001, and/or any adjournment thereof.

Signed this _____ day of _____ 2012
Regd. Folio No. :

| |
|---------------------------------------|
| Affix Revenue Stamp of 50Ps. |
|---------------------------------------|

Signature of Member(s)

Notes: 1. The form should be deposited at the Registered Office of the Company not later than 48 (forty-eight) hours before the time for holding the aforesaid meeting.
2. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.