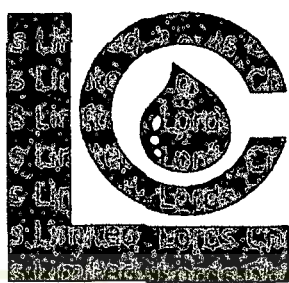


# Annual Report



Report  Junction.com

# Lords Chemicals Limited

# 2005-06

# Lords Chemicals Limited

## Annual Report 2005-2006

### BOARDS OF DIRECTORS

Ajay Kumar Jain	Managing Director
Navin Kr. Jain	Director
Md. Mumtaz Akhtar Khan	Whole Time Director
Raghu Nath Adhya	Director
Partha Majumdar	Director
Amar Sinha Roy	Director
Rakesh Dubey	Director
Mrs. Nirajita Srinivasan	Nominee Director

### BANKERS

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

### AUDITORS

P.K. AJITSARIA & CO.  
Chartered Accountants  
'White Towers'  
115, College Street, Kolkata - 700 012

### REGISTERED & CORPORATE OFFICE

5C, Electronic Centre  
1/1A, Biplabi Anukul Chandra Street  
Kolkata - 700 072

### PLANT

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

## NOTICE

**NOTICE** is hereby given that the Fourteenth Annual General Meeting of **LORDS CHEMICALS LIMITED** will be held at the registered office of the Company at 5C, Electronic Centre, 1/1 A, Biplabi Anukul Chandra Street, Kolkata - 700 072, West Bengal, on Thursday, 28<sup>th</sup> September 2006 at 10.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2006 and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2006 and the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. Ajay Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Md. Mumtaz Akhtar Khan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Raghu Nath Adya who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Place :Kolkata  
Date : 31<sup>st</sup> July, 2006

By Order of the Board  
For Lords Chemicals Limited

Sd/-  
(Jitendra Tiwari)  
Company Secretary

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**Notes :****(a) Proxy :**

1. 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.
2. Proxies in order to be effective must be received by the Company at its registered Office not less than 48 hours before the meeting.

**(b) Book Closure :**

1. The Register of Members & Share Transfer Books of the Company will remain closed from Tuesday 26<sup>th</sup> September 2006 to Thursday 28<sup>th</sup> September 2006 (both days inclusive).
2. 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**, C-444 & 511, Bagree Market, 77, Bipjabi Rash Behari Basu Road, Kolkata – 700 001.

**(c) Change of Address:**

Members are also requested to notify **CHANGE OF ADDRESS** if any, immediately to the Company's Registrar of share Transfer Agent by quoting their Registered Folio number(s).

**(d) Nomination Facility :**

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

**(e) Attendance at A.G.M. :**

1. Members are requested to bring their Attendance Slip along with their copy of Annual report to the Meeting.
2. Members who held shares in dematerialised 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.

(f) **Disclosure :**

Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is given below:-

Name of Director	Brief Resume & Functional Expertise	Appointment/ Re-appointment	Directorship held in other Companies	Committee positions held in other Companies
Mr. Ajay Kumar Jain	A member of the Board since 1993 and is presently the Managing Director of the company.	Re-appointment on retirement by rotation	None	None
Md. Mumtaz Akhtar khan	A member of the Board since 2003 and is presently the Whole Time Director of the company.	Re-appointment on retirement by rotation	None	None

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## DIRECTORS REPORT

Dear Shareholders,

The Directors have pleasure to present the 14<sup>th</sup> Annual Report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2006.

### FINANCIAL RESULTS

	2005-06	2004-05
Net Sales	20,78,58,790.04	17,55,02,343.78
Other Income	1,69,880.43	35,98,176.00
Total Revenue	20,80,28,670.47	17,91,00,519.78
Profit before Financial Charges & Depreciation	1,46,17,117.40	84,26,716.47
Less: Financial Charges	27,28,436.00	10,82,325.00
Less: Depreciation	63,69,190.51	70,19,807.44
Profit before Tax	55,19,409.89	3,24,584.03
Provision for Tax	5,30,418.00	25,450.00
Profit After Tax	49,89,072.89	2,99,134.03
Provision for Deferred Tax	(53,84,382.00)	12,49,986.00
Provision for taxation earlier year written back	(71,006.00)	(4,607.00)
Profit & Loss A/C (Dr. Balance)	(1,25,79,025.78)	(1,41,23,538.81)
Balance carried to Balance Sheet	(1,30,45,340.89)	(1,25,79,025.78)

### DIVIDEND

The business activities of the Company are expanding and in view of the earlier losses, your Directors have decided to deploy the resources for the future growth.

### OPERATIONS

Your Company has reported another encouraging performance for the year under review. Your Company Continue to be one of few producers of Chromic Acid, Chromite sand and Sodium Dichromate in the country. Your Company's line of products viz Sodium Dichromate, Chromite Sand, Chrome Concentrate and Chromic Acid continue to deliver strong performance. The sales of the Company during the current year was Rs. 20.79 crores as compared to Rs. 17.55 crores and your Directors are hopeful to achieve better sales in the year ahead.

A high standard of quality process is in the implementation stage for achieving excellent quality level. As part of the up gradation programme, necessary infrastructures will be installed which would contribute to major saving in cost.

## **FUTURE PROSPECTS**

The positive trends in the last years have left us with optimism. The plan to install new infrastructural equipments is expected to bring good returns in near future.

## **DIRECTORS**

Mr. Ajay Kumar Jain & Md. Mumtaz Akhtar Directors of the Company retire by the rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956, as awarded, with respect to the Directors Responsibility Statement, it is hereby confirmed:

1. That in preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the Directors of the Company have 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 the company at the end of the financial year ended 31.03.2006 and of the profit of the Company for that period.
3. That the Directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts of the Company for the financial year ended 31<sup>st</sup> March, 2006 on a going concern basis.

## **LISTING OF SHARES OF THE COMPANY**

The shares of your Company are listed on Calcutta Stock Exchange Association Ltd. (Regional Stock Exchange) Bombay Stock Exchange Ltd. and The Jaipur Stock Exchange. The Listing fees for the year 2006-07 have been paid to all these Stock Exchanges.

## **CORPORATE GOVERNANCE**

Management Discussion and Analysis Report forms part of this report. The report on Corporate Governance with separate section on shareholder's information along with the certificate from statutory auditors in this regard has also been incorporated in this Annual Report.

## CASH FLOW STATEMENT

Cash Flow Statement pursuant to Clause 32 of the listing Agreement is annexed hereto.

## AUDITOR'S REPORT

The Reports of the Auditors read with the notes of the accounts and annexed are self – explanatory and need no elaboration.

## AUDITORS

M/S P.K. Ajitsaria & Co., Chartered Accountants will retire at the ensuing Annual General Meeting and are eligible for reappointment. As required under Section 224 of the Companies Act 1956, the Company has obtained a written certificate from them to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in the said Section.

## PUBLIC DEPOSIT

During the year the company has not accepted or renewed any Public Deposits, as defined U/S 58A of the Company Act 1956.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of the Board of the Directors) Rules, 1988, the particulars relating to conservation of the energy, technology absorption and foreign exchange earning and outgo are as follows:

### A. Conservation of Energy

The Boilers are run by Husk and it has saved substantial cost. The plant has optimized the process energy balance and has facilitated overall energy conservation in the plant operation. No investments have been made by the Company in this regard and there is no proposal to this effect.

### B. Technology Absorption:

The plant is being run by continuous Rotary Kiln capacity

Technology imported during the last 5 years:

Technology imported	Year of Import	Status
None	—	—



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

SL NO.	Particulars	2005 - 2006	2004 - 2005
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax as per Profit and Loss Account	5,519,490.89	324,584.03
	Adjustment for :		
	Depreciation and amortisation	6,369,190.51	7,019,807.44
	Financial Expenses	2,728,436.00	1,082,325.00
	Interest and dividend income	(64,616.20)	(724,289.00)
	Preliminary Expenses	216,840.70	216,840.70
	Profit on sale of fixed assets	(4,483.00)	—
	Operating Profit Before Working Capital Changes	14,764,858.90	7,919,268.17
	Adjustment for :		
	(Increase)/Decrease in Inventories	4,861,437.24	4,093,958.87
	(Increase)/Decrease in sundry Debtors	(1,244,542.83)	(146,892.44)
	(Increase)/Decrease in loans and advances	(6,777,722.70)	(4,184,109.19)
	(Increase)/Decrease in other current asset	(437,029.47)	177,199.00
	(Increase)/(Decrease) in Current Liabilities	52,369,817.62	3,515,833.25
	Cash Generated from Operation	63,536,818.76	11,375,257.66
	Taxes Paid	(142,159.00)	139,844.00
	Net cash flow from operations before extra ordinary item	63,394,659.76	11,515,101.66
	Adjustment of extra ordinary items	—	(4,607.00)
	<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(6,394,659.76)</b>	<b>11,510,494.66</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of fixed assets	(2,891,041.13)	(1,658,094.00)
	Sale of fixed assets	170,000.00	—
	Interest and dividend income	64,616.20	724,289.00
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,656,424.93)</b>	<b>(933,805.00)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Loans Fund	(64,129,046.22)	(1,856,131.92)
	Financial Expenses Paid	(2,728,436.00)	(1,082,325.00)
	Proceeds from Bank borrowings for working capital	—	2,606,394.00
	<b>NET CASH PROVIDED BY / (USED) IN FINANCING ACTIVITIES</b>	<b>(66,857,482.22)</b>	<b>(332,062.92)</b>
	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(6,119,247.39)</b>	<b>10,244,626.74</b>
	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>11,450,089.19</b>	<b>1,205,462.45</b>
	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>5,330,841.80</b>	<b>11,450,089.19</b>
	<b>Notes :</b>		
	Cash in Hand	1,466,887.69	560,756.16
	Balance with Schedule Bank :		
	In Current Account	2,397,060.11	9,340,702.03
	In Fixed Deposit	54,000.00	1,548,631.00
	Margin money against L/C	1,412,894.00	—
		5,330,841.80	11,450,089.19

This is the Cash Flow Statement referred to in our report of even date.

In terms of attached Report of even date.

For P. K. Ajitsaria & Co.

Chartered Accountants

(Pawan Kr. Ajitsaria)

Proprietor,

M. No. : 53109

Date : 31st July, 2006, Place : Kolkata

For and on behalf of the Board

For and on behalf of the Board

Navin Jain  
Director

Jitendra Tiwari  
Company Secretary

(Ajay Kumar Jain)  
M.D.

### C. Foreign Exchange:

Particulars of earnings and outgo of foreign exchange are given in Note on accounts in Schedule "W" of the Accounts.

### ENVIRONMENTAL PROTECTION AND POLLUTION CONTROL

We believe in sustainable development. For us this translates into meeting today's needs without jeopardizing the needs of future generations. For us this means understanding that the earth's resources are finite and that as far as possible, using these sparingly and in a responsible manner makes great business sense. We regard social, economic and environmental responsibilities as integral elements that drive business. We believe these are interdependent and equally important to our success as a corporate.

### PARTICULARS OF THE EMPLOYEES

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

### PERSONAL/ INDUSTRIAL RELATIONS

The industrial relations at the Company's plants have been cordial. Employees worked with determination and dedication in attaining varied objectives. Your Directors record their appreciation for the hard work and efficiency.

### ACKNOWLEDGEMENT

The Directors express their appreciation of the sincere co-operation and assistance of state and central government authorities, bankers, customers, suppliers as well as all of the employees.

Place : Kolkata  
Date: 31<sup>st</sup> July, 2006

For and on behalf of the Board

Ajay Kumar Jain  
Managing Director

Navin Kumar Jain  
Director