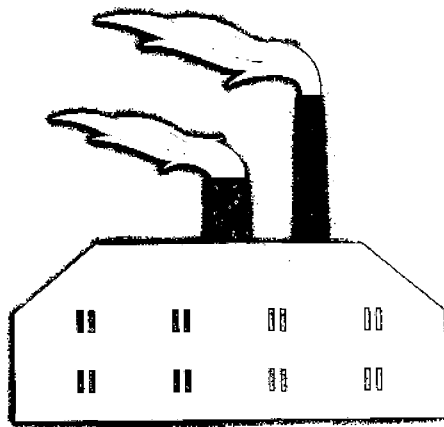


Lords Chemicals Limited

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2007-2008

ANNUAL REPORT

Lords Chemicals Limited

BOARDS OF DIRECTORS

| | |
|--------------------------|---------------------|
| Ajay Kumar Jain | Managing Director |
| Navin Kr. Jain | Director |
| Partha Majumdar | Whole Time Director |
| Raghu Nath Adhya | 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

Dwarka Ashok & Associates
Chartered Accountants
37, Shakespeare Sarani, Suite-3
1st Floor, Kolkata-700017

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

Annual Report 2007-2008

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of **LORDS CHEMICALS LIMITED** will be held at its registered office of at 5C, Electronic Centre, 1/1A, Biplabi Anukul Chandra Street, Kolkata-700 072, West Bengal, on Saturday, the 27th September, 2008 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, 2008 and the Profit and Loss Account for the year ended 31st March, 2008 and the Reports of the Directors and the Auditors, thereon
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 Mr. Navin Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Raghu Nath Adhya who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

5. **To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :**

"RESOLVED THAT pursuant to the provision of Section 224(6) of the Companies Act, 1956, M/s BLA & Associates, Chartered Accountants, be and are hereby appointed as the Auditor of the Company in place of retiring Auditor M/s Dwarka Ashok & Associates, Chartered Accountants, who have resigned to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board."

By the order of the Board
For Lords Chemicals Limited

Place : Kolkata
Date : 31st July 2008

Sd/-
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 MEETING.

2. Book Closure :

- (a) The Register of Members & Share Transfer Books of the Company will remain closed from Friday, 26th September 2007 to Saturday, 27th September 2008 (both days inclusive)
- (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**, C-444 & 511, Bagree Market, 77, Biplabi Rash Behari Basu Road, Kolkata-700 001.

3. Change of Address :

Members holding shares in physical mode are requested to intimate changes in their address/bank mandate to the company or to Registrar & Share Transfer Agent **Niche Technologies Private Limited**, C-444 & 511, Bagree Market, 77, Biplabi Rash Behari Basu Road, Kolkata-700 001. Members holding shares in electronic mode are requested to send the intimation for change of address/bank mandate to their respective Depository Participants.

4. 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.

5. Attendance at A.G.M. :

- (a) Members are requested to bring their Attendance Slip along with their copy of Annual report to the Meeting.
- (b) 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.

Contd...

6. 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 and is presently the Managing Director of the company. | Re-appointment on retirement by rotation | None | None |
| Mr. Navin Kumar Jain | A member of the Board is presently the Director of the company | Re-appointment on retirement by rotation | None | None |
| Mr. Raghu Nath Adhya | A member of the Board since 2005 and is presently the Director of the company | Re-appointment on retirement by rotation | None | None |

EXPLANATORY STATEMENT PURSUANT TO SEC. 173(2) OF THE COMPANIES ACT, 1956
Item No. 5

Messrs Dwarka Ashok & Associates, Chartered Accountants, were appointed as Auditor of the Company at last Annual General Meeting of the members held on 28th September, 2007. They have resigned vide their letter dated 31.07.2008 due to pre-occupation. Pursuant to Section 224(6) of the Companies Act, 1956, it is proposed to appoint Messrs M/s BLA & Associates, Chartered Accountants, as Auditors of the Company in place of Messrs Dwarka Ashok & Associates, Chartered Accountants, till the conclusion of the next Annual General Meeting.

The Company has received consent of M/s BLA & Associates, vide their letter dated 31.07.2008.

The Board accordingly, recommends the resolution for approval of the Members as an Ordinary Resolution.

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

For Lords Chemicals Limited

Sd/-

Place : Kolkata
 Date : 31st July 2008

JITENDRA TIWARI
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting this 16th Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS :

| Particulars | 2007-2008 | 2006-2007 |
|--|---------------------|-----------------------|
| Income from Sales | 21,95,74,246.66 | 34,73,93,338.94 |
| Other Income | 19,64,826.01 | 3,28,122.56 |
| Total Income | 22,15,39,072.67 | 34,77,21,461.50 |
| Total Expenditure | 21,53,41,554.09 | 33,74,86,069.03 |
| Profits before Depreciation, Interest and Tax | 2,67,32,098.17 | 2,28,49,996.50 |
| Depreciation | 66,32,582.12 | 67,64,890.27 |
| Interest (Net) | 1,31,80,569.47 | 45,88,769.76 |
| Profit Before Tax | 61,97,518.58 | 1,02,35,392.47 |
| Profit after Tax | 54,76,090.58 | 89,74,448.47 |
| Provision for Taxation | 7,21,428.00 | 12,60,944.00 |
| Provision for Deferred Tax & Taxes of earlier year | (4,26,372.00) | 35,59,358.22 |
| Profit & loss Balance as per previous year | (76,30,250.64) | (1,30,45,340.89) |
| Balance carried to Balance Sheet | (17,27,788.06) | (76,30,250.64) |

DIVIDEND :

In view of accumulated losses, Your Directors are not in a position to recommend any dividend for the financial year 2007-08.

PERFORMANCE HIGHLIGHTS

"Management Discussion & Analysis" forming part of this Report deal with the operational and marketing highlights. The performance highlights, however, in brief are mentioned hereunder :

During the year, the Company had Sales of approximately Rs. 22.00 Crores. In view of decrease in sales, the Company could achieve Profit after tax of Rs. 54.76 lacs.

DIRECTORS' RESPONSIBILITY STATEMENTS

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same :
- Appropriate accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding and detecting fraud and other irregularities; and
- The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis report on Corporate Governance are included in the Annual Report.

In terms of Clause 49 of the Listing Agreement, a Certificate by the Auditor of the Company certifying the Company's compliance with the requirements of Corporate Governance and a declaration by the Managing Director regarding compliance of Code of Conduct are enclosed as part of the Corporate Governance Report.

DIRECTORS

During the year under review Mr. Ajay Kumar Jain, Mr. Navin Kumar Jain and Mr. Raghu Nath Adhya retire by rotation at the forthcoming AGM and being eligible offer themselves for re-appointment.

ABRIDGED ACCOUNTS

Securities & Exchange Board of India has recently permitted the listed companies to send a statement containing the salient features of the Balance Sheet, Profit & Loss Account and Auditors' Report to each shareholder in line with the requirements stipulated in Section 219(1)(b)(iv) of the Companies Act, 1956. However, the Company is sending a copy of the complete and full Balance Sheet and Profit & Loss Account to the shareholders of the Company.

PUBLIC DEPOSIT

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS OUTGO

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

CONSERVATION OF ENERGY

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

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

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

TECHNOLOGY ABSORPTION

The plant is being run by continuous Rotary Kin capacity.

Technology imported during last 5 years :

| Technology imported | Year of import | Status |
|---------------------|----------------|--------|
| None | — | — |

FOREIGN EXCHANGE

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

PARTICULARS OF THE EMPLOYEES

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

AUDITORS

In pursuance of the provisions of the Companies Act, 1956, M/s. Dwarka & Associates Chartered Accounts,

Kolkata who are the Statutory Auditors of the Company, hold office up to the conclusion of the forthcoming Annual General Meeting and they are eligible for reappointment. But they do not seek re-appointment as Statutory Auditors of the Company for the financial year 2008-09 at the forthcoming Annual General Meeting. The Board of Directors at their meeting held on 31.07.08 has proposed the appointment of M/s. BLA & Associates, Chartered Accountants as Statutory Auditors on the recommendation of Audit Committee.

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

HUMAN RESOURCES

The Industrial Relations have remained extremely cordial and harmonious. The efficient and loyal services rendered by the employees at all levels have not only helped ensuring uninterrupted high level of performance in production & despatch but have also helped in achieving significant cost reduction in the various fields. The Directors heartily convey their appreciation for all levels.

ACKNOWLEDGEMENT

The Directors wish to place on record their deep sense of gratitude for the support received from the Central and State Government. We take this opportunity of extending our whole hearted thanks to Consumers, Dealers, Customers, Banks, Business Associates, Stock Exchanges and other Agencies for their continued support and co-operation. The Directors are also thankful to the valued investors for strengthening their bond with the Company.

For and on behalf of the Board

Place : Kolkata
Date : 31st July 2008

Ajay Kumar Jain
Managing Director

Navin Kumar Jain
Director

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY TRENDS & DEVELOPMENT

The Company is engaged in the business of Sodium Dichromate and Chromic Acid. In view of tremendous competitive pressures and increasing regulatory compliances, this year has not been very positive for the Company. With the increasing role of technology, there is a paradigm shift in the running of the business. Your company is gearing up well to face all such developments by increasing its reach across geographical areas and client segments, ramping up its infrastructure and technological, financial and human resources.

2. OPPORTUNITIES & THREATS

Your Company's philosophy of providing professional, value-added, comprehensive and integrated solutions to a cross-segment of society across the Eastern Region is fast becoming a positive differentiating factor vis-a-vis erstwhile competition. These could be treated as great opportunities for the company. Company has initiated actions for evaluating substantial expansion. With the upcoming of new iron and steel industry in and around eastern India, the demand for company's product is expected to increase.

3. BUSINESS REVIEW / SEGMENT-WISE PERFORMANCE

The Company is taking effective steps for strengthening its Research & Development and building a strong, dynamic and highly motivated marketing team.

In spite of such competitive pressures, your company has done satisfactorily well to grow within the broad core business of the company. It does not have any segments/divisions.

4. OUT LOOK

Company is continuously looking for growth avenues. Company is drawing the strategies of expanding its business activities. Opportunities are being explored for export of Company's products with or without value and technological additions.

5. RISKS & CONCERN

Overall inflation has its impact on Company's products. Price of Sodium Dichromate is ruling high and traditionally has wide fluctuations. This has direct effect on various products.

Interest rates have firmed up which will result into higher cost of trading although some softening/stabilization is anticipated. The import tariff is on decline year by year. Company has to be competitive with international players for chemical products and there could be pressure on the margins. The Company is dependent mainly on mines in and around Eastern India.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a broad based control system which operates through various mechanisms. All the proposals involving expenditure above a certain basic amount are subject to financial concurrence through the Finance Department followed by approval from Senior Executive or Managing Director.