



**29<sup>th</sup>**  
**Annual Report**  
**2007 - 2008**

**LORDS CHLORO ALKALI LIMITED**

**Board of Directors**

Shri Ravi Kathpalia	Chairman
Shri Ashok Kumar	Managing Director
Shri Rakesh Ahuja	Director
Shri Pawan Kumar Nayyar	Director
Shri Dhananjay Gautam	Director (Business Co-ordination)
Shri Jeevesh Kumar	Director (Corporate Strategy)
Shri Nilesh Sharma	Director
Shri Jagtar Singh	Director (Tech.)

**Company Secretary & Compliance Officer**

Deepak Sharma

**Statutory Auditors**

M/s. Alag Kumar & Associates,  
Chartered Accountants,  
C-460, Defence Colony,  
New Delhi-110024.

**Advocates & Solicitors**

M/s. Dhir & Dhir Associates,  
D-55, Defence Colony,  
New Delhi-110024.

**Registrars & Share Transfer Agent**

M/s. Skyline Financial Services Pvt. Ltd.,  
246, First Floor, Sant Nagar,  
East of Kailash, New Delhi-110 065.  
Phone No. 011-26292682-83  
Fax No. 011-26292681.

**Registered Office & Plant**

SP-460, Matsya Industrial Area,  
Alwar-301030 (Rajasthan).

**Corporate Office**

B-88, Defence Colony,  
New Delhi-110024.

**CONTENTS**

Notice	2	Balance Sheet	23
Directors' Report	4	Profit & Loss Account	24
Corporate Governance Report	11	Schedules & Notes	25
Auditor's Report	17	Cash Flow Statement	44

**NOTICE**

**NOTICE** is hereby given that the Twenty Ninth Annual General Meeting of the Shareholders of **LORDS CHLORO ALKALI LIMITED** will be held on Saturday, 29<sup>th</sup> November, 2008 at 12.30 p.m. at Regd. Off. at SP-460, Matsya Industrial Area, Alwar (Rajasthan) to transact the following business :

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit & Loss Accounts for the financial year ended on that date and report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri Ravi Kathpalia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri Rakesh Ahuja who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and consider in this connection, to pass with or without modification(s) the following resolution proposed as an Ordinary Resolution: -

**“RESOLVED** that M/s. Alag Kumar & Associates, Chartered Accountants, New Delhi, the retiring Auditors, who have offered their services and who are qualified to act as Auditors of the Company under section 224(1B) of the Companies Act, 1956, be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of next Annual General Meeting and the Board of Directors of the Company be and is hereby authorized to fix their remuneration.”

For and on behalf of the Board

Place: New Delhi  
Date : 31st October, 2008

**(Ashok Kumar)**  
**Managing Director**

**NOTES:-**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
2. Register of Members and Share Transfer Books of the Company will remain closed from 27-11-2008 to 29-11-2008 (both days inclusive).
3. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company for admission to the meeting hall.
4. All the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11-00 a.m. to 1-00 p.m. on all working days till the date of Annual General Meeting.

**Additional Information**

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to clause 49 of the Listing Agreement

1	Name of the Director	Sh. Ravi Kathpalia	Sh. Rakesh Ahuja
2	Date of Birth	18-08-1937	14-10-1961
3	Date of Appointment	03-03-2005	28-03-2005
4	Experience in Specific Areas	36 years	26 years
5	Shareholding in the Company	Nil	26,11,447 shares
6	Directorships in other Companies	1. Uflex Limited 2. Fairfield Atlas Ltd. 3. Utech Devlopers Ltd. 4. Dhir And Dhir Asset Reconstruction And Securitisation Co. Ltd	
7	Membership in other Company Committees: 1. Uflex Limited 2. Fairfield Atlas Ltd. 3. Utech Devlopers Ltd. 4. Dhir And Dhir Asset Reconstruction And Securitisation Co. Ltd	Audit Committee Chairman Audit Committee Member --- Audit Committee Member	

**DIRECTORS' REPORT**

The Directors have pleasure in presenting the 29<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the financial year ended on 31<sup>st</sup> March, 2008.

**1. FINANCIAL RESULTS**

The comparative financial results of the company are given below:

	<i>(Rs. in lac)</i>	
	<b>Current Year</b>	<b>Previous Year</b>
Sales	8982.78	7056.57
Other Income	194.04	211.31
Operating Profit / (Loss) before Interest, Depreciation & Exceptional Items	828.17	302.31
Interest	37.29	---
Depreciation	538.30	514.08
Exceptional Items (Profit)	---	23311.62
Net Profit/(Loss)	40.77	23156.38

**PERFORMANCE**

Your Company has achieved a better operating performance for the year ended on 31<sup>st</sup> March 2008. Better capacity utilization, optimizing efficiencies in plant and marketing strategies have resulted in this enhanced performance.

During the year under review your Company has achieved production of 32414 M.T. Caustic Soda as against 27939 M.T. in the previous year, a rise of 16% over last year. Gross Turnover was Rs. 8982.78 lac as against of Rs. 7056.57 lac last year, a rise of 27%. Operating margins increased from 4.28% to 9.22%.

**BIFR STATUS / SANCTIONED SCHEME**

The Hon'ble BIFR vide its order dt. 30<sup>th</sup> November 2006 sanctioned a Rehabilitation Scheme with some relief's and concessions. The Scheme envisages grant of relief's and concessions from Secured Lenders, Central Government, Government of Rajasthan, Provident Fund Authorities, ESI Authorities, Existing Promoters, Strategic Investors and other statutory authorities etc. On the basis of the relief's and concessions as envisaged in the Scheme, the company is being approached to the appropriate authorities or financial institution. Implementation of the BIFR Scheme is under progress.

**MARKETING**

The Company is engaged in the manufacture and sale of Caustic Soda and its related products viz. Chlorine, Hydrochloric Acid, Calcium Hypo Chloride, Hydrogen Gas, Stable Bleaching Powder (SBP) and Tri Chloro Ethylene (TCE).

The product-wise Sales are given below :

Product	SALES			
	2007-08		2006-07	
	Quantity (MT)	Value (Rs. in lac)	Quantity (MT)	Value (Rs. in lac)
Caustic Soda	32027	6261.54	26982	5724.26
Liquid Chlorine	20687	1562.53	18755	770.41
Hydrochloric Acid	8346	139.70	8768	127.08
Calcium Hypo chloride	9044	39.61	8672	35.32
Stable Bleaching Powder (SBP)	7091	674.48	2307	208.03
Hydrogen Gas	113	103.33	215	175.32
Tri Chloro Ethylene ( TCE)	389	201.59	28	16.15
<b>Total</b>		<b>8982.78</b>		<b>7056.57</b>

## 2. EXPANSION PROJECT

We are pleased to inform you that your company has taken up a brown field project for expansion of caustic soda capacity by 230 TPD purchased from Standard Alkali Industries Ltd. (Mafat Lal Group), Mumbai. The part expansion of 100 TPD has successfully commissioned in the month of May 2008. The total capacity of Caustic Soda has now been increased to 207 TPD resulting in enhancement of turnover and profitability. The remaining 130 TPD project will be commissioned by the end of the year for which your company is continuously approaching to the bankers for Term Loan Assistance.

## 3. FUTURE OUTLOOK

The Company is continuing its endeavor to reduce its costs and utilizing the existing installed capacity of Caustic Soda, Stable Bleaching Powder (SBP), Tri Chloro Ethylene (TCE) etc. Hydrogen base Boiler has also been commissioned. After implementation of the remaining project of 130 TPD and reached to the capacity to 337 TPD from 207 TPD, the economy of scale will be achieved and the cost of production will be reduced by utilizing at its optimal level and will become the leading Caustic Soda producer in the country.

Small and medium entrepreneur have approached the company for putting up Chlorine based plants in Alwar or in LCAL premises which will help the company to utilized its co-products to the maximum.

The economy in general is growing and therefore, all sectors including the caustic industry is expected to grow in future-by 8%-10% per annum.

By scaling up the operations, the Company is hopeful to reduce its costs at various levels. This will result in better margins.

## 4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Shri Ravi Kathpalia and Sh. Rakesh Ahuja, Directors retire from office by rotation and being eligible, offer themselves for re-appointment.

**5. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

During the year, the Company has transferred a sum of Rs. 78,780/- inclusive of interest thereon to "Investor Education and Protection Fund" of the Central Government, being the amount due and payable and unclaimed for a period of seven years as provided u/s 205(A) of the Companies Act, 1956.

**6. AUDITORS' OBSERVATIONS**

The Auditors' observations are self-explanatory and are suitably explained in the Notes to the Accounts.

However, in respect of section 297 of the Companies Act, 1956, the company has obtained the approval from the office of the Regional Director, Noida, U.P. and also received the order dt. 13-10-2008 from the said office that the default is not in existence.

**7. AUDITORS**

M/s. Alag Kumar & Associates, Chartered Accountants, Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors have been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

**8. COST AUDITORS**

In accordance with section 233B of the Companies Act, 1956, and subject to approval of the Central Government, the Company has re-appointed M/s. Goyal, Goyal & Associates, Cost Accountants, New Delhi, as Cost Auditors to conduct the cost audit of the accounts relating to its products for the financial year 2008-09.

**9. SAFETY & POLLUTION CONTROL**

The Company continues to give priority to safety and pollution control measures. It has been strictly following the requisite guidelines as received from the Pollution Control Board.

**10. PARTICULARS OF EMPLOYEES**

Information as required under section 217(2A) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report.

**11. INDUSTRIAL RELATIONS**

Cordial Industrial relations and improvement in productivity were maintained at the Company's Plant and Office and your management appreciates the support of employees/workers at all levels for their dedicated services to achieve the performance.

**12. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors wish to inform that the audited accounts containing financial statement for the financial year 31<sup>st</sup> March, 2008 are in full conformity with the requirement of the Companies Act, 1956.

Pursuant to Section 217(2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 the directors of the Company declare as under:

- (i) that in the preparation of the Annual Accounts, the applicable Accounting Standard have been followed along with proper explanation relating to material departures.

- (ii) that the directors had 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 and of the profit or loss of the Company for that period.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) that the directors had prepared the annual accounts on a going concern basis.

### **13. CORPORATE GOVERNANCE REPORT**

A Report on Corporate Governance forms part of this Report. The Management Discussion & Analysis Report and the Certificate from the Practising Company Secretary confirming the compliance with Clause 49 of the Listing Agreement relating to Corporate Governance are also annexed to the Report.

In compliance with the requirement of clause 49 (V), a certificate from Chief Financial Officer of the Company was placed before the Board.

### **14. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGOING**

In compliance with provisions of clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 the statements giving the required information relating to energy conservation, technology absorption, foreign exchange earnings and outgoings are annexed hereto.

### **15. ACKNOWLEDGEMENT**

Your Directors wish to convey their deep appreciation to all the company's employees/workers for their dedication and hard work as well as their collective contribution to the Company's record performance.

The Directors would also like to thanks to the Shareholders, Customers, Dealers, Suppliers, Bankers, Financial Institutions, Government Authorities and all other business associates for continued support given by them to the Company and their confidence in its management.

**For and on behalf of the Board**

**(Ravi Kathpalia)**  
**Chairman**

Place : New Delhi  
Date : 31<sup>st</sup> October, 2008



**FORM - A**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

SL. NO.	PARTICULARS	YEAR 2007-2008	YEAR 2006-2007
<b>(A)</b>	<b>POWER &amp; FUEL CONSUMPTION :</b>		
1.	ELECTRICITY		
	(a) PURCHASE UNITS	98430480	85103640
	TOTAL AMT. Rs.	400969263	347678718
	AVG. RATE / KWH Rs.	4.07	4.09
	(b) OWN GENERATION:		
	THROUGH POWER GENERATORS		
	UNITS (KWH)	76743	1594179
	CONSUMPTION OF RFO (MT)	21.37	392.76
	UNIT PER KG. OF RFO. (KWH)	3.59	4.06
	COST OF UNIT (Rs.)/(KWH)	8.86	4.83
2.	FURNACE OIL QTY. (MT)	413	911
	TOTAL AMOUNT (Rs.)	8523104	16615305
	AVG. RATE PER MT (in Rs.)	20637	18239
3.	OTHERS	N.A.	N.A.
<b>(B)</b>	<b>CONSUMPTION (KWH/MT)</b>		
1.	PRODUCTION OF C.S. (MT)	32414	27939
2.	ELECTRICITY (KWH/MT)	3039	3103
3.	FURNACE OIL (LTR / MT)	44.69	81.42

**FORM - B**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION.**

**A. RESEARCH & DEVELOPMENT**

1. Full capacity utilization of 107 TPD Membrane Cell Plant. Third electrolyze was successfully commissioned indigenously.
2. 15 TPD Trichloroethylene Plant re-commissioned and running smoothly.
3. Stable Bleaching Powder Plants were brought in operation and are in smooth production.
4. Company has expanded its capacity to 207 TPD by commissioning of 100 TPD Brown Field Membrane Cell Plant.
5. Indigenously implemented Caustic Soda Lye concentration from 32% to 47% with Heat Recovery System to lower the transportation cost.

**B. TECHNOLOGY ABSORPTION & INNOVATION**

Import substitution of spares & raw materials, energy conservation and cost reduction is under regular R&D efforts.

**C. ASSISTANCE TO ANCILLARY INDUSTRIES**

Company provides continuous assistance to CPW manufacturers (Ancillary Units) in the vicinity of Alwar and providing necessary technical support to them from time to time.

**FORM - C**

**FOREIGN EXCHANGE EARNING AND OUTGOING**

The total foreign exchange earned and used :

(Rs. in Lac)

	<u>31<sup>st</sup> March, 2008</u>	<u>31<sup>st</sup> March, 2007</u>
(i) Earned	--	--
(ii) Used	22.03	102.39

**Annexure to Directors' Report (Statement pursuant to section 217 (2A) of the Companies Act, 1956)**

Name	Designation & Nature of Duties	Age	Qualification	Exp.	Last Employment	Date of Commencement of Employment	Gross Remuneration (per annum) In Rs.
Sh. C.B. Agarwal	President (Commercial)	48	B.Com., FCA	21	Asst. Vice President (Marketing) Grasim Industries Ltd.	01.02.2007	3077804

- (i) Gross Remuneration shown above is subject to tax and comprises allowances, rent, medical reimbursement and provident fund in terms of actual expenditure incurred by the Company.
- (ii) In addition to above, employee is entitled to suitable benefits as per company rule.
- (iii) Sh. C. B. Agarwal is not a relative of any of the Directors of the Company.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Your Company commenced the production in the year 1983 and started manufacturing Caustic Soda (Iye & flakes), Chlorine, Hydrochloric Acid and value added products like Stable Bleaching Powder (SBP), Tri Chloro Ethylene (TCE).

The total domestic production of the Caustic soda during the year 2007-2008 was approximately 21.60 lac MT as against 19.93 lac MT during the year 2006-2007. There has been an increase in Caustic Soda production by 8.4% while domestic consumption increased by 8.6% during the year.

The Company's products Caustic Soda/Chlorine are required by variety of industries like Paper Mills, Textiles, Soap, Power House, Refineries and Aluminum. Other Products produced by the Company are required by industries like Sugar, Water Treatment and used as raw materials for production of various Chemicals and pesticides, Metal cleaning, finishing and solvent extraction etc.

Hydrogen, another by-product of the industry, is traditionally used in hydrogenation of vegetable oils and is also finding increased usage in optical fiber industry and other hydrogenation applications in organic chemicals as well as clean fuel.

**SAFETY AND ENVIRONMENT**

Company's Commitment to safety and preservation of environment has been encompassed in its "Safety Health and Environment (SHE) policy". The Company has continued its emphasis on safety awareness for operations of caustic soda plant. Company has taken adequate steps for pollution controls as well as other safety measure steps for protection of environment.

**POWER- MAJOR RAW MATERIAL**

Power forms nearly 2/3rd of the direct variable cost of the product, and therefore the viability of this industry are dependent on power rate. The Government needs to rationalize power tariffs and also to make available inputs like furnace oil, coal, gas, etc. at international levels in order to make the domestic industry internationally competitive.

**PERFORMANCE**

During the year in the country, the installed capacity of Caustic Soda has increased from 25.78 lac MT in 2006-2007 to 27.42 lac MT in 2007-2008 approximately an increase of 6.36% over the previous year.

During the year the Production performance of our products are tabulated below:

<b>Product</b>	<b>2007-08 (MT)</b>	<b>2006-07 (MT)</b>	<b>Percentage %</b>
Caustic soda	32414	27939	16%
Liquid Chlorine	28729	24781	16%
Hydrochloric acid	13851	14587	
Calcium Hypo chloride (Bleach Liquor)	9044	8672	4%
Stable Bleaching Powder (SBP)	7096	2277	211%
Hydrogen Gas	665	651	2%
Tri Chloro Ethylene (TCE)	366	85	330%

## **OUTLOOK**

The capacity of the industry is under-utilized. However, with improvement in the GDP growth rate, which is closely linked with the growth of the manufacturing sector, the demand for the Chloro Alkali sector is continuously growing by 8%.

With the Government of India agreeing to lower import tariffs, there will be an increased risk of cheap imports and further erosion of realizations. In order to enable the industry to compete, Government should reduce the duties on coal and furnace oil required for power generation. The China Government has withdrawn the benefit of VAT Taxes from the Export of Caustic, which may give better realization on the sale of caustic soda in the domestic market.

The operating margins of the Company witnessed pressure on account of rise in prices of inputs cost like furnace oil, coal and salt etc. which are basic raw materials for manufacturing Caustic Soda.

---

---

## **CORPORATE GOVERNANCE REPORT**

### **1. Company's philosophy on Code of Corporate Governance**

Corporate Governance is a reflection of a Company's culture, policies, its relationship with the stakeholders and its commitment to values. Corporate Governance aims at fairness, transparency, accountability and responsibility in the functioning of the Company with ultimate objective of realizing and enhancing shareholders value. The company's philosophy on the Code of Corporate Governance is tuned to these aspects and to the philosophy of the Company which is:

- a. to ensure that adequate control system exist to enable the Board in effectively discharging its responsibilities to all the stakeholders of the company,
- b. to ensure that the decision making process is fair and transparent,
- c. to ensure the fullest commitment of the management and the board for the maximization of the shareholder value,
- d. to ensure that the employees of the company subscribed to the corporate values and apply them in their conduct and
- e. to ensure that the company follows globally recognized corporate governance practices.

### **2. Board of Directors**

#### **Composition of Board**

- i) At present the Board has an optimum combination of executive and non-executive directors, comprising of experts from various fields/professions. The Board consisting of eight directors out of which four directors are Non-Executive Directors.
  - ii) The Chairman of the Board is an Independent & Non-Executive Director and is neither promoter nor is relative to the promoters. The composition of the Board of directors of the Company is in accordance with clause 49 of the Listing Agreement.
-

**Board Meetings**

The Meeting of the Board of Directors and its Committees were scheduled well in advance and generally held at the company's corporate office in New Delhi. The Board meets atleast once a quarter to review the quarterly performance and financial results.

During the financial year 2007-08, Eight (8) Board Meetings were held on 30.04.2007, 30.06.2007, 31.07.2007, 20.08.2007, 14.09.2007, 31.10.2007, 31.01.2008 and 14.02.2008.

**Membership, Attendance and Other Directorship**

The composition of the Board and attendance of each director at Board Meetings held during the financial year and last Annual General Meeting and number of other Directorships and Chairmanship/Membership of Committees of the Board are as under :

Sl. No.	Name of Directors	Attendance		Category *	Designation	Directorship in other Pub. Cos.	Committees	
		Board Meeting	Last AGM				Chairman	Member
1.	Shri Ravi Kathpalia	8	Yes	I & NED	Chairman	4	1	4
2.	Shri Ashok Kumar	8	Yes	MD	Managing Director	1	--	--
3.	Shri Rakesh Ahuja	7	Yes	NED	Director	--	--	2
4.	Shri Pawan Kumar Nayyar	2	Yes	I & NED	Director	--	--	--
5.	Shri Dhananjay Gautam	5	--	ED	Director (Business Co-ordination)	--	--	--
6.	Shri Jeevesh Kumar	4	Yes	ED	Director (Corporate Strategy)	--	--	--
7.	Shri Nilesh Sharma	7	--	I & NED	Director	--	2	--
8.	Shri Jagtar Singh	8	Yes	ED	Director (Technical)	--	--	--

\* MD– Managing Director, ED– Executive Director, I– Independent Director, NED– Non-Executive Director.

**Note :** Shri Dhananjay Gautam, Shri Jeevesh Kumar and Shri Pawan Kumar Nayyar were appointed as an Additional Director on 30th April, 2007, 30th July, 2007 and 30th July, 2007 respectively and all are regularized at the Annual General Meeting held on 14th Sept. 07.

**3. Board Committees**

To enable better and more focused attention on the affairs of the company, the Board delegate particular matters to Committees of the Board set up for the purpose. These committees prepare the ground work for decision making and report at the next Board Meeting.

**(i) Audit Committee :**

The scope of the functions and broad terms of reference of the Audit Committee are commensurate with provisions of Section 292A of the Act and as per clause 49 of the listing agreements with the Stock Exchanges. The Audit Committee reviews and reports to the Board on the followings:

- (i) Scope of Internal Audit
- (ii) Compliance with legal & statutory requirements.

- (iii) Quarterly, half yearly and yearly Financial Results of the Company before submission to Board.

As on 31st March, 2008, the Audit Committee of Directors of the Company comprised of three Directors including Independent Directors and Non-Executive Directors.

The constitution of the Audit Committee was as follows:

1. Shri Nilesh Sharma Chairman
2. Shri Ravi Kathpalia Director
3. Shri Rakesh Ahuja Director

During the financial year 2007-08, six (6) Audit Committee Meetings were held on 30.04.2007, 30.06.2007, 31.07.2007, 20.08.2007, 31.10.2007 and 31.01.2008 respectively.

ii) **Shareholder's/ Investor's Grievance Committee**

The Shareholder's / Investor's Grievance Committee consisting of three Directors including Independent Directors and Non-Executive Directors to approve transfer of shares, splitting and consolidation of shares and issue of duplicate share certificates.

The Committee also looks into the redressal of shareholder's complaint like transfer of shares, non-receipt of annual report, dividend/ warrant etc. As on 31st March, 2008, the constitution of the Shareholder's / Investor's Grievance Committee was as follows:

1. Shri Nilesh Sharma Chairman
2. Shri Ravi Kathpalia Director
3. Shri Rakesh Ahuja Director

During the year 2007-08, 10 (Ten) Shareholder's / Investor's Grievance Committee Meetings were held on 20.07.2007, 31.07.2007, 10.08.2007, 20.09.2007, 29.09.2007, 10.10.2007, 31.10.2007, 10.11.2007, 10.01.2008 and 18.01.2008 respectively.

iii) **Remuneration Committee**

Remuneration of Whole time/Executive Directors is considered by the Board of Directors, based on the recommendations of the Remuneration Committee.

The Remuneration Committee consist of three Directors and all of them are Independent Directors and Non-Executive Directors. As on 31st March, 2008, the constitution of the Remuneration Committee was as follows:

1. Shri Nilesh Sharma Chairman
2. Shri Ravi Kathpalia Director
3. Shri Pawan Kumar Nayyar Director

During the Financial Year 2007-08, Remuneration Committee Meetings were held on 30th June, 2007 and 20th August, 2007.

**4. Annual General Body Meeting**

The details as to the timings, date and venue of the last three Annual General Meetings (AGM) of the Company were held as under:-

Financial Year	Annual General Meeting		Time	Venue
	No	Date		
2006-2007	28	14-09-2007	12.30 PM	SP-460, Matsya Industrial Area, Alwar, (Raj)
2005-2006	27	29-09-2006	12.30 PM	SP- 460, Maṭsya Industrial Area, Alwar, (Raj)
2004-2005	26	30-09-2005	12.30 PM	SP- 460, Matsya Industrial Area, Alwar, (Raj)

A gist of the special resolutions passed in the previous two Annual General Meetings are given below :

**28th Annual General Meeting ( 14.09.2007)**

- a) Appointment of Shri Dhananjay Gautam as Director (Business Co-ordination).
- b) Appointment of Shri Jeevesh Kumar, as Director (Corporate Strategy).
- c) Issuance of equity shares on preferential basis under section 81(1A) of the Companies Act, 1956.
- d) Insertion a new Article numbered 13(d) after 13(c) of the Articles of Association of the Company.
- e) Insertion a new Article numbered 113(A) after 113 of the Articles of Association of the Company.

**27th Annual General Meeting ( 29.09.2006)**

- a) For reduction of existing equity capital of the Company by 90% subject to the confirmation of the BIFR.
- b) For Allotment of Equity Shares to the Strategic Investors and its associates under section 81(1A) of the Companies Act, 1956.

Neither Special Resolution was put through postal ballot last year nor the same is proposed for this year.

**5. Disclosure**

None of the transactions with any of the related parties were in conflict with the interest of the company at large.

The details of related party transactions are furnished under Schedule to 'Notes to Accounts' of Balance Sheet and Profit & Loss Account to comply with Accounting Standard 18.

The Company has mostly complied with the requirements of regulatory authorities.

The Equity Shares of the Company is listed with Bombay Stock Exchange, Delhi Stock Exchange and Jaipur Stock Exchange. The trading of the securities is suspended with the Exchanges. The company had submitted all the necessary documents with all three exchanges for approval of the trading of the Shares and are hopeful to resume the trading at the earliest.

**6. Means of Communications**

The Unaudited Quarterly/Half Yearly Financial Results of the Company are published in English and local language news-papers as required under the Listing Agreement and intimation of the same also sent to Stock Exchanges from time to time. The Website of the company has been launched i.e. [www.lordschloro.com](http://www.lordschloro.com). Management discussion and analysis form a part of annual report and is given in a separate chapter thereto.

**7. General Shareholder Information**

<b>Day, Date &amp; Time</b>	: Saturday, 29 <sup>th</sup> November, 2008, 12.30 pm
<b>Venue of AGM</b>	: Regd. Off. - SP-460, MIA, Alwar (Raj.)
<b>Financial Year</b>	: 1st April, 2007 to 31st March, 2008
<b>Book Closure Period</b>	: 27-11-2008 to 29-11-2008 (both days inclusive)
<b>Listing of Shares</b>	: Bombay Stock Exchange, Delhi Stock Exchange, Jaipur Stock Exchange.
<b>Stock Code</b>	: 500284 (BSE)
<b>Scrip id</b>	: LORDSCHLO

The Company has paid listing fees to the exchanges namely Bombay Stock Exchange and Jaipur Stock Exchange upto the year 2008-2009. As per the provisions of BIFR Scheme the company has approached to Delhi Stock Exchange for waiver of the listing fees up to the date of Sanctioned Scheme and the same is under process. The Company is regularly complying with all the compliances of listing agreements with the stock exchanges.

<b>Registrars &amp; Share Transfer Agents</b>	M/s. Skyline Financial Services Pvt. Ltd., 246, First Floor, Sant Nagar, East of Kailash, New Delhi-110 065. Phone No. 011-26292682-83 Fax No. 011-26292681 Email : <a href="mailto:admin@skylinerta.com">admin@skylinerta.com</a>
---	---

**Dematerialization of Shares:**

SEBI vide its notification ref. No. SMDRP/POLICY/CIR 23/2000 dated 29th May, 2000 has made it compulsory for company's equity share trading in Dematerialized form w.e.f. 26th Feb., 2001. Company has submitted the application along with necessary documents to NSDL and CDSL, Mumbai for dematerialization of shares of the Company. The ISIN no. shall be allotted to the company shortly.

<b>Plant Location</b>	: SP-460, Matsya Industrial Area, Alwar (Raj.)
<b>Addresses for Correspondence</b>	: 1) SP-460, Matsya Industrial Area, Alwar (Raj.) 2) B-88, Defence Colony, New Delhi-110024.
<b>Company Secretary &amp; Compliance Officer</b>	: Shri Deepak Sharma
<b>Email id</b>	: <a href="mailto:secretarial@lordschloro.com">secretarial@lordschloro.com</a>



**8. CFO Certification**

As required under Clause 49 of the listing agreement, necessary certification from Chief Financial Officer (CFO) of the Company for the financial year ended on 31st March, 2008 was placed before the Board of Directors of the Company.

**9. Shareholding Pattern as at 31st March, 2008 is as under:**

<b>Category</b>	<b>No. of Shares</b>	<b>% of Shareholding</b>
Promoters	20601896	81.90
Financial Institutions/Banks/Mutual Funds	479123	1.90
Public	2531579	10.07
Others	1541263	6.13
<b>Total</b>	<b>25153861</b>	<b>100.00</b>

To,

The Members,

Lords Chloro Alkali Ltd.

We have examined the compliance of condition of corporate governance by M/s. **Lords Chloro Alkali Ltd.** for the year ended on 31.03.2008 as stipulated in clause 49 of the listing Agreement of said company with Stock Exchange(s).

The compliance of condition of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the condition of corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the condition of corporate governance as stipulated in above mentioned Listing Agreement.

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

**For SKP & Co.**

Company Secretaries

Date : October 31, 2008  
Place : Delhi

(C.S. Sundeep K. Parashar)  
Prop.  
C.P. No. 6575

**AUDITOR'S REPORT****THE MEMBERS  
LORDS CHLORO ALKALI LIMITED  
NEW DELHI**

1. We have audited the attached balance sheet of **Lords Chloro Alkali Limited** as at March 31, 2008 and also the profit and loss account and cash flow statement of the Company 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 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 of the Company as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent they are applicable to the Company.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :
  - (i) *Balances of sundry debtors, loans and advances and current liabilities including sundry creditors are subject to confirmation and adjustments necessary upon reconciliation thereof. The effect of the adjustments from the reconciliation/confirmation that may arise is not ascertainable. ( Refer note no. B-4 of schedule 'P').*
  - (ii) *The Company has entered into contracts & arrangements referred to in section 301 of the Act but has not complied with the proviso to section 297(b) ( Refer note no. B-5 of schedule 'P').*
  - (iii) *The Company has not transferred an amount of Rs. 11.64 Lakhs (previous year Rs. 11.64 Lakhs) to the "Investor Education and Protection Fund", as required. This is a contravention of the provisions of section 205 C of the Companies Act, 1956 ( Refer note no. B-6 of schedule 'P').*
5. Subject to above and further to our comments in the annexure referred, we report that:
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) 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;

- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.
- (v) On the basis of written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In the absence of notification by the Central government, the cess payable under section 441A of the Companies act, 1956, has not been provided for in the books of accounts.
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India -
  - (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;
  - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
  - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For ALAG KUMAR & ASSOCIATES**

Chartered Accountants

Place: New Delhi  
Date : 30.06.2008

**(GURBIR SINGH ALAG)**  
( Partner)  
Membership No. 84075

**Re: Lords Chloro Alkali Limited**

(Referred to in paragraph 3 of our report of even date)

1.
  - a. The Company has maintained reasonable records showing necessary particulars including quantitative details and situation of fixed assets.
  - b. As informed to us, no physical verification of the fixed assets has been done during the year by the management. Hence we are unable to comment on the discrepancies, if any, which may arise on such verification.
  - c. During the year the Company has not discarded any Plant & Machinery having material value discarding of which can have any adverse impact on the performance of the Company.
2.
  - a. As informed to us, the inventory of the Company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c. On the basis of our examination of the records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. The company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paras 4(iii)(b) to (g) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods. During the course of our audit, we have neither come across nor have been informed of any major weakness in the internal control system.
5.
  - a. In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - b. In our opinion and according to the information and explanation given to us and having regard to the explanation in para 4 above, the transactions made in pursuance of contracts and arrangements referred to in para 5 (a) above and exceeding the value of Rs. 5 lacs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at that time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the

meaning of section 58A,58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government of India has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of Caustic Soda manufactured by the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. a. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, related education cess and other statutory dues applicable to it except for dues to Investor Education and Protection Fund where there have been certain delays.
- b. According to the records of the Company examined by us and the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, wealth tax, service tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 2008 for a period of more than six months from the date they became payable *other than the following*:

S. No.	Nature of Dues	Amount Due Over six months (as on 31 March, 2008) (Rs.)	Remarks
1	Provident Fund & Employees State Insurance	Nil  3.99 lacs	i. In view of non- provision of staff and workers dues at Alwar Works for the month of June, 1999 and financial years 1999-2000 and 2000-2001, P.F. on the above amounting to Rs. 58.89 lacs and ESI on the above amounting to Rs. 1.42 lacs have not been accounted for.  ii. The old PF dues are yet to be deposited related to previous years.
2	Income Tax (T.D.S)	1.33 lacs	TDS ( TPT.)
3	Wealth Tax	6.58 lacs	Provided for in the books.
4	Investor Education & Protection Fund	11.64 lacs	Refer Note no. B.6 –Schedule 'P'.

- c. According to the records of the Company examined by us and the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute, *other than the following*:

<b>Name of the statute</b>	<b>Nature of Dues</b>	<b>Amount (Rs.)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
<i>Central Excise Act, 1944</i>	<i>Excise duty</i>	<i>166.20 lacs</i>	<i>1996-1997</i>	<i>Hon'ble High Court, Rajasthan</i>
<i>Central Excise Act, 1944</i>	<i>Excise duty</i>	<i>110.72 lacs</i>	<i>1996-1999</i>	<i>Hon'ble High Court, Rajasthan</i>
<i>Central Excise Act, 1944</i>	<i>Excise duty</i>	<i>12.63 lacs</i>	<i>2003-2004</i>	<i>Hon'ble High Court, Delhi</i>
<i>Central Excise Act, 1944</i>	<i>Excise duty</i>	<i>159.80 lacs</i>	<i>1995-1999</i>	<i>Commissioner (Appeals) CESTAT</i>
<i>Central Excise Act, 1944</i>	<i>Excise duty</i>	<i>21.02 lacs</i>	<i>2007-2008</i>	<i>Joint Commissioner, Jaipur</i>
<i>Rajasthan Sales Tax Act, 1994</i>	<i>Electricity Duty</i>	<i>68.54 lacs</i>	<i>2003-2005</i>	<i>Dy. Commissioner -Commercial Taxes ( Appeals)</i>
<i>Rajasthan Sales Tax Act, 1994</i>	<i>Entry Tax</i>	<i>34.25 lacs</i>	<i>2001-2005</i>	<i>Dy. Commissioner-Commercial Taxes ( Appeals)</i>
<i>Income Tax Act, 1961</i>	<i>Income Tax</i>	<i>846.95 lacs</i>	<i>1996-1997</i>	<i>Income tax Appellate Tribunal</i>
<i>Finance Act, 1994</i>	<i>Service Tax</i>	<i>6.89 lacs</i>	<i>2005-2006</i>	<i>Joint Commissioner</i>
	<i>Service Tax</i>	<i>11.82 lacs</i>	<i>2006-2007</i>	<i>Joint Commissioner</i>
	<i>Service Tax</i>	<i>7.59 lacs</i>	<i>2007-2008</i>	<i>Joint Commissioner</i>

10. The accumulated losses of the Company at the end of the financial year are 198.26 Lacs (previous year 202.13 Lacs). The Company has not incurred cash losses during the financial year covered by our audit.
11. According to the records of the Company examined by us and the information and explanations given to us, all the lenders and financial institutions/banks have settled off their dues with the Company in terms of the rehabilitation scheme sanctioned by the Hon'ble BIFR.
12. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
13. According to the records of the Company examined by us and the information and explanations given to us, no term loans have been raised during the year by the Company.

14. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, generally, there are no funds raised during the year by the Company on short-term basis, which have been used for long-term investment.
15. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
16. During the period covered by our audit report, the Company has not issued any debentures.
17. During the period covered by our audit report, the Company has not raised any money by public issue.
18. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
19. The other provisions of the Order do not appear to be applicable for the year under report.

for **ALAG KUMAR & ASSOCIATES**  
Chartered Accountants

Place : New Delhi  
Date : 30.06.2008

**(GURBIR SINGH ALAG)**  
(Partner)

Membership No. 84075

**BALANCE SHEET AS AT 31ST MARCH, 2008**

<b>PARTICULARS</b>	<b>SCHEDULE</b>	<b>AS AT 1.03.2008 (Rs. In Lac)</b>	<b>AS AT 31.03.2007 (Rs. In Lac)</b>
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS :</b>			
Share Capital	A	2515.39	2365.01
Reserves & Surplus	B	2148.53	1399.24
<b>LOANS FUNDS:</b>			
Secured Loans	C	3.81	-
Unsecured Loans	D	1231.55	286.28
Deferred Tax Liability(Net)		132.60	-
<b>TOTAL</b>		<b>6031.88</b>	<b>4050.53</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS:</b>			
Gross Block	E	13340.50	13002.75
Less:Depreciation		9537.72	9009.32
Net Block		3802.78	3993.43
Capital Work-in-Progress		1919.40	8.04
		5722.18	4001.47
<b>INVESTMENT</b>	F	3.28	3.32
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>			
Inventories	G	610.83	622.63
Sundry Debtors		446.64	359.14
Cash & Bank Balances		43.52	21.42
Loans & Advances		1086.98	760.14
		2187.97	1763.33
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS :</b>			
Current Liabilities	H	1845.21	1799.46
Provisions		234.60	186.86
Net Current Assets		108.16	(222.99)
Profit & Loss A/c Balance		198.26	202.13
Deferred Tax Assets(Net)		-	66.60
<b>TOTAL</b>		<b>6031.88</b>	<b>4050.53</b>
Significant Accounting Policies & Notes to Accounts	P		

(Schedule "A" to "H" and Schedule "P" form an integral part of the Balance Sheet)  
As per our report of even date attached

**For ALAG KUMAR & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**GURBIR SINGH ALAG  
PARTNER  
Membership No. 84075**

**ASHOK KUMAR  
MANAGING DIRECTOR**

**NILESH SHARMA  
DIRECTOR**

Place : New Delhi  
Dated : 30.06.2008

**P. K. GOYAL  
CHIEF FINANCIAL OFFICER**

**DEEPAK SHARMA  
COMPANY SECRETARY**



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

PARTICULARS	SCHEDULE	2007-2008 (Rs. In Lac)	2006-2007 (Rs. In Lac)
<b>INCOME</b>			
Sales		8982.78	7056.57
Less : Excise Duty		<u>1262.79</u>	<u>997.41</u>
		7719.99	6059.16
Other Income	I	194.04	211.31
Increase/(Decrease) in Stock	J	<u>(87.07)</u>	<u>71.69</u>
		<u>7826.96</u>	<u>6342.16</u>
<b>EXPENDITURE</b>			
Direct Manufacturing Expenses	K	5760.33	5062.19
Payments to and Provisions for Employees	L	650.09	438.03
Selling and Administrative Expenses	M	588.37	539.63
Financial Expenses	N	<u>37.29</u>	<u>-</u>
		<u>7036.08</u>	<u>6039.85</u>
Profit/ (Loss) before Depreciation, Exceptional Items and Tax		790.88	302.31
Depreciation	539.01		514.79
Less: Transferred from Revaluation Reserve	<u>0.71</u>	<u>538.30</u>	<u>0.71</u> <u>514.08</u>
Profit/ (Loss) before Tax and Exceptional Items		252.57	(211.77)
Adjustments for prior period (Net)/ Exceptional Items	O	(1.86)	23309.81
Profit / (Loss) before Tax		<u>250.72</u>	<u>23098.04</u>
Provision for Taxation			
Current year Tax		(34.98)	(7.70)
MAT Credit Entitlement		24.23	-
Current year Deferred Tax Asset/(Liability)		(81.95)	(7822.78)
Earlier years Tax		-	(0.56)
Earlier years Deferred Tax Asset/(Liability)		<u>(117.25)</u>	<u>7889.38</u>
Net Profit / (Loss)		40.77	23156.38
Surplus / (Deficit) Brought forward from previous years	(202.13)		(30499.65)
Less/(Add):Reduction/(Increase) in Capital Nature Items (As per BIFR order)	<u>(36.90)</u>	<u>(239.03)</u>	<u>7141.14</u> <u>(23358.51)</u>
Balance carried over to Balance Sheet		<u>(198.26)</u>	<u>(202.13)</u>
a) Basic and Diluted EPS Including Exceptional Items		0.17	565.86
b) Basic and Diluted EPS Excluding Exceptional Items		0.17	(-)3.79
(Refer Note No.13 of Schedule 'O')			
Significant Accounting Policies & Notes to Accounts	P		

(Schedule "I" to "O" and Schedule "P" form an integral part of the Profit & Loss Accounts)  
As per our report of even date attached

**For ALAG KUMAR & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**GURBIR SINGH ALAG  
PARTNER  
Membership No. 84075**

**ASHOK KUMAR  
MANAGING DIRECTOR**

**NILESH SHARMA  
DIRECTOR**

**Place : New Delhi  
Dated : 30.06.2008**

**P. K. GOYAL  
CHIEF FINANCIAL OFFICER**

**DEEPAK SHARMA  
COMPANY SECRETARY**

(Schedule "A" to "P" annexed to and forming part of Balance Sheet as at 31st, March, 2008 and Profit & Loss Account for the year ended on that date)

**SCHEDULE "A" - SHARE CAPITAL**

<b>PARTICULARS</b>	<b>AS AT 31.03.2008 (Rs. In Lac)</b>	<b>AS AT 31.03.2007 (Rs. In Lac)</b>
<b>AUTHORISED</b>		
7,50,00,000 (Previous year 7,50,00,000) Equity Shares of Rs.10/-each	7500.00	7500.00
<b>ISSUED</b>		
2,51,58,885 (Previous year 2,36,58,885) Equity Shares of Rs.10/- each	2515.89	2365.89
<b>SUBSCRIBED/PAID-UP:</b>		
2,51,53,861 (Previous year 2,36,53,861) Equity Shares of Rs.10/- each fully called up and paid in cash	2515.39	2365.39
Less: Calls in Arrears against Allotment money NIL (Previous year 78261) Equity Shares @ Rs.4.80 each (Due from share holders other than Directors)	-	0.38
	<u>2515.39</u>	<u>2365.01</u>

**SCHEDULE "B" - RESERVES & SURPLUS**

<b>PARTICULARS</b>	<b>AS AT 31.03.2008 (Rs. In Lac)</b>	<b>AS AT 31.03.2007 (Rs. In Lac)</b>
<b>CAPITAL RESERVES:</b>		
Central Capital Subsidy	15.00	15.00
Surplus on Re-issue of forfeited Equity Shares	1.21	1.21
Revaluation Reserve	50.97	51.68
Add: Additions	-	-
Less: Deductions/Transfers	<u>0.71</u>	<u>0.71</u>
Share Premium	1332.06	1332.06
Add: Additions	750.00	-
Less: Deductions/Transfers	<u>-</u>	<u>-</u>
	<u>2148.53</u>	<u>1399.24</u>

**SCHEDULE - "C" - SECURED LOANS**

<b>PARTICULARS</b>	<b>AS AT 31.03.2008 (Rs. In Lac)</b>	<b>AS AT 31.03.2007 (Rs. In Lac)</b>
TERM LOANS:		
ICICI Bank Ltd.(Car Loan) (Secured by hypothecation of motor car financed)	3.81	-
	<u>3.81</u>	<u>-</u>

**SCHEDULE - "D" - UNSECURED LOAN**

<b>PARTICULARS</b>	<b>AS AT 31.03.2008 (Rs. In Lac)</b>	<b>AS AT 31.03.2007 (Rs. In Lac)</b>
Fixed Deposit	-	0.73
Other Loans and Advances:		
-From others *	1231.55	285.55
	<u>1231.55</u>	<u>286.28</u>

\* Includes Sales Tax Loan from RIICO Rs. 40.48 Lac (Previous year Rs. 40.48 Lac is Interest free and guaranteed by the earlier Ex- Managing Directors and Ex- Directors of the Company in their personal Capacity). Also includes loans from Directors Rs. 119.10 Lac(Previous year NIL).

SCHEDULE C - FIXED ASSETS

(Rs. in Lac)

PARTICULARS	GROSS BLOCK				DEPRECIATION						NET BLOCK	
	As on 01.04.2007	Addition	Deletion	As on 31.03.2008	Up to 31.03.2007	For the Year	Deletion	Trf./ Adjus- tments	Up to 31.03.2008	As on 31.03.2008	As on 31.03.2007	
LEASE HOLD LAND*	86.11	-	-	86.11	21.35	0.90	-	-	22.25	63.86	64.76	
FREE HOLD LAND**	30.09	-	0.39	29.70	-	-	-	-	-	29.70	30.09	
LAND DEVELOPMENT	14.93	-	-	14.93	2.81	0.17	-	-	2.98	11.95	12.12	
BUILDING	920.74	-	-	920.74	429.56	26.95	-	-	456.51	464.23	491.18	
PLANT & MACHINERY	9,027.15	196.09	11.12	9,212.12	6,596.33	396.95	10.55	-	6,982.73	2,229.39	2,430.82	
ELECTRICAL INSTALLATION	2,664.71	-	-	2,664.71	1,785.65	100.10	-	-	1,885.75	778.96	879.06	
OFFICE EQUIPMENT	165.46	43.78	1.54	207.70	105.75	9.28	0.04	-	114.99	92.71	59.71	
FURNITURE & FIXTURES	44.99	100.89	-	145.88	40.60	1.28	-	-	41.88	104.00	4.39	
VEHICLES	48.57	10.06	0.02	58.61	27.27	3.38	0.02	-	30.63	27.98	21.30	
<b>TOTAL</b>	<b>13,002.75</b>	<b>350.82</b>	<b>13.07</b>	<b>13,340.50</b>	<b>9,009.32</b>	<b>539.01</b>	<b>10.61</b>	<b>-</b>	<b>9,537.72</b>	<b>3,802.78</b>	<b>3,993.43</b>	
CAPITAL WORK IN PROGRESS	8.04	2,115.16	203.80	1,919.40	-	-	-	-	-	1,919.40	8.04	
<b>GRAND TOTAL</b>	<b>13,010.79</b>	<b>2,465.97</b>	<b>216.87</b>	<b>15,259.90</b>	<b>9,009.32</b>	<b>539.01</b>	<b>10.61</b>	<b>-</b>	<b>9,537.72</b>	<b>5,722.18</b>	<b>4,001.47</b>	
PREVIOUS YEAR FIGURES	13,426.03	1,143.88	1,559.13	13,010.79	9,203.72	514.79	709.19	-	9,009.32	4,001.47	4,222.31	

\* Leasehold Land at Alwar costing Rs. 17.32 lac was revalued to Rs. 84.74 lac as on 30.04.1984

\*\* The Ownership of the Freehold Land purchased at Alwar costing Rs. 18.00 lac is disputed in various courts of Law and is being contested by the company. Consequently, the title deeds are pending execution in favour of the Company.

**SCHEDULE - F - INVESTMENT**

PARTICULARS	FACE VALUE		
	AS AT 31.03.2008 (Rs. In Lac)	AS AT 31.03.2008 (Rs. In Lac)	AS AT 31.03.2007 (Rs. In Lac)
OTHER THAN TRADE (AT COST)			
1. Silver Coins & Wares		0.40	0.30
2. Quoted			
Investment in Shares & Trust & Securities			
a) Govt. & Trust Securities			
1269 (Previous year 1269) Units 6.75% Tax free US 64 Bonds of Rs. 100/- each in Unit Trust in India	1.27	0.75	0.75
b) Others			
1000 (Previous year 100) Fully paid up Equity Shares of Rs.2/-(Previous year Rs. 10/-) each in DCM Shriram Consolidated Ltd.*	0.01	0.32	0.32
100 Fully paid up Equity Shares of Rs.10/- each in Grasim Industries Ltd.	0.01	0.80	0.80
300(Previous year 100) Fully paid up Equity Share of Rs.2/-(Previous year Rs.10/-)each in Ballarpur Industries Ltd.**	0.01	0.22	0.36
100 Fully paid up Equity Shares of Rs.10/-each in SPIC Ltd.	0.01	0.11	0.11
165 Fully paid up Equity Shares of Rs.10/-each in Gujrat Alkalies & Chemicals Ltd.	0.01	0.31	0.31
300(Previous year 100) Fully paid up Equity Shares of Rs.5/-(Previous year Rs.10/-) each in Kanoria Chemicals & Industries Ltd.***	0.01	0.14	0.14
100 Fully paid up Equity Shares of Rs.10/-each in Punjab Alkalies & Chemicals Ltd.	0.01	0.10	0.10
100 Fully paid up Equity Shares of Rs.10/- each in DCW Ltd.	0.01	0.13	0.13
		<u>2.88</u>	<u>3.02</u>
<b>GRAND TOTAL</b>		<u>3.28</u>	<u>3.32</u>

Note: Market Value of Quoted Shares and Trust Securities as on 31.03.2008 is Rs.4.98 Lac (Previous Year Rs. 3.85 Lac)

\*During the year company has splited one Equity Share of Rs.10/- each into 5 Equity Shares of Rs. 2/- each and issued Bonus Shares in the proportion of one Equity Share of Rs. 2/- for every one Equity Shares of Rs. 2/- each.

\*\*During the year company has splited one Equity Share of Rs.10/- each into 5 Equity Shares of Rs. 2/- each and compulsory buy back 2 Equity Shares of Rs. 2/- each for every 5 Equity Shares after split @ Rs. 25/- each.

\*\*\*During the year company has splited its Equity Shares of Rs. 10/- each into 2 Equity Shares of Rs. 5/- each and issued Bonus Shares in the proportion of one Equity Share of Rs. 5/- for every two Equity Shares of Rs. 5/- each.

**SCHEDULE - "G" - CURRENT ASSETS, LOANS & ADVANCES**

PARTICULARS	AS AT 31.03.2008 (Rs. In Lac)	AS AT 31.03.2007 (Rs. In Lac)
<b>CURRENT ASSETS:</b>		
<b>INVENTORIES:</b>		
(As valued and certified by the management)		
Stores, Spares etc.	573.28	493.70
Less: Provision for Old Store	(202.83)	(202.83)
Stores, Spares etc.(Net)	<u>370.45</u>	<u>290.87</u>
Raw Materials, Chemicals & Catalysts	53.60	26.18
Fuel Oil Stocks of Power Plant	26.07	25.36
Scrap Material in Hand *	62.45	88.11
Packing Materials	10.48	17.26
Stock-in-Process	28.60	36.14
Finished Stock	<u>59.18</u>	<u>138.71</u>
	<u>610.83</u>	<u>622.63</u>

\*During the year Company has sold scrap of plant & machinery having written down value of Rs. 25.66 Lac and balance scrap material in hand amounting Rs. 62.45 Lac is fully realisable.

**SUNDRY DEBTORS:**

(Unsecured, considered good unless otherwise stated)

Due for more than six months:

-Considered Good	246.47	216.18
-Considered Doubtful	<u>300.57</u>	<u>300.57</u>
	547.04	516.75
Less: Provision for Doubtful Debts	<u>(300.57)</u>	<u>(300.57)</u>
	246.47	216.18
Others	<u>200.17</u>	<u>142.96</u>
	<u>446.64</u>	<u>359.14</u>

**CASH & BANK BALANCES:**

Cash in Hand	15.22	3.04
Cheques in Hand	4.01	4.87
Balance with Scheduled Banks in:		
-Current Accounts	<u>24.29</u>	<u>13.51</u>
	<u>43.52</u>	<u>21.42</u>

**LOANS & ADVANCES**

(Unsecured, considered good unless otherwise stated)

Advances recoverable in Cash or in kind for value to be received

-Considered Good	638.14	412.62
-Considered Doubtful	<u>69.70</u>	<u>69.70</u>
	707.84	482.32
Less: Provision for Doubtful Advances	<u>(69.70)</u>	<u>(69.70)</u>
	<u>638.14</u>	<u>412.62</u>

PARTICULARS	AS AT 31.03.2008 (Rs. In Lac)	AS AT 31.03.2007 (Rs. In Lac)
<b>SCHEDULE - "G" Contd.</b>		
Security Deposit with Government	246.29	153.61
Authorities & Others		
Deposit with Central Excise Department	63.00	60.00
Excise Amount Recoverable	13.39	13.39
Sales Tax Under Protest	40.72	40.72
Electricity Duty Under Protest	2.79	2.79
Amount Recoverable From PF	-	28.99
Entry Tax Deposited Under/Protest	4.10	2.89
Income-Tax Deducted at source	45.16	11.63
Advance Fringe Benefit Tax	7.95	6.05
Advance Wealth Tax	0.08	0.08
Loans to Employees and Others	25.36	27.37
	1086.98	760.14

**SCHEDULE - "H" - CURRENT LIABILITIES & PROVISIONS**

PARTICULARS	AS AT 31.03.2008 (Rs. In Lac)	AS AT 31.03.2007 (Rs. In Lac)
<b>CURRENT LIABILITIES:</b>		
Sundry Creditors	847.50	930.10
Advances from Customers & Agents	72.75	105.41
Security Deposit from Dealers, Agents & Others	119.84	5.17
Other Liabilities	793.48	747.14
Investor Education & Protection Fund (U/s. 205C)	11.64	11.64
	1845.21	1799.46
<b>PROVISIONS :</b>		
Leave Pay, Gratuity & Leave Encashment	193.04	172.58
Income Tax (MAT U/s 115JB)	25.58	-
Fringe Benefit Tax	9.40	7.70
Wealth Tax	6.58	6.58
	234.60	186.86

**SCHEDULE - "I" - OTHER INCOME**

PARTICULARS	2007-2008 (Rs. In Lac)	2006-2007 (Rs. In Lac)
Interest	6.04	3.97
Foreign Exchange Fluctuations	1.80	-
Liabilities/Provisions no longer required	-	0.07
Written back		
Miscellaneous Receipts/Income	155.20	194.07
Profit on Fixed Assets Sold/W/off	30.93	13.17
Dividend	0.07	0.03
	194.04	211.31

**SCHEDULE - "J" - INCREASE/(DECREASE) IN STOCK**

<b>PARTICULARS</b>	<b>2007-2008 (Rs. In Lac)</b>	<b>2006-2007 (Rs. In Lac)</b>
<b>CLOSING STOCK:</b>		
- Finished Goods	59.18	138.71
- Work-in-Process	28.60	36.14
	<u>87.78</u>	<u>174.85</u>
<b>OPENING STOCK</b>		
- Finished Goods	138.71	94.43
- Work-in-Process	36.14	8.73
	<u>174.85</u>	<u>103.16</u>
Increase/(Decrease) in Stock	<u>(87.07)</u>	<u>71.69</u>

**SCHEDULE - "K" - DIRECT MANUFACTURING EXPENSES**

<b>PARTICULARS</b>	<b>2007-2008 (Rs. In Lac)</b>	<b>2006-2007 (Rs. In Lac)</b>
Raw Materials, Chemicals & Catalysts Consumed	962.80	684.44
Power & Fuel	4474.16	4096.76
Stores & Spares Consumed	204.28	210.09
Packing Expenses(Including Material Consumed)	107.59	60.01
Other Manufacturing Process, Material Shifting and Sludge Disposal Charges	11.50	10.89
	<u>5760.33</u>	<u>5062.19</u>

**SCHEDULE - "L"- PAYMENT TO AND PROVISION FOR EMPLOYEES**

<b>PARTICULARS</b>	<b>2007-2008 (Rs. In Lac)</b>	<b>2006-2007 (Rs. In Lac)</b>
Salaries, Wages, Allowances & Other Benefits	604.80	395.67
Contribution to Provident Fund, E.S.I. & Others Funds	28.15	23.30
Employees Welfare Expenses	17.14	19.06
	<u>650.09</u>	<u>438.03</u>



**SCHEDULE - "M" - SELLING AND ADMINISTRATIVE EXPENSES**

<b>PARTICULARS</b>	<b>2007-2008</b>		<b>2006-2007</b>	
	<b>(Rs. In Lac)</b>		<b>(Rs. In Lac)</b>	
Lease Rent for Equipments		105.60		105.60
Lease Rent for Motor Car		8.33		0.75
Rent		33.16		11.20
Rate & Taxes		18.27		14.46
Insurance		12.64		11.74
Repairs & Maintenance:				
-Plant & Machinery	78.79		54.89	
-Building	4.92		7.43	
-Others	6.45	90.16	3.61	65.93
Travelling, Conveyance & Vehicle Expenses		80.65		77.19
Conference Fees		-		0.05
Communication Expenses		19.30		19.94
Legal, Professional & Consultancy Charges		141.37		144.84
Printing & Stationery		11.27		7.21
Publicity & Advertisement Expenses		1.17		2.93
Bank Charges		1.91		2.69
Auditors' Remuneration:				
- Audit Fee	2.00		1.75	
- Taxation Fee	0.60		0.60	
- Expenses Reimbursed/Incurred	1.23	3.83	1.07	3.42
Commission on Sale		2.22		0.22
Freight & Forwarding Expenses (Net of Recoveries)		2.95		2.53
Miscellaneous Expenses		8.34		5.45
Non Compete Fee		-		25.00
Loss on Sale of Shares		0.09		-
Bad Debts Written off		-		2.53
Foreign Exchange Fluctuation		-		0.25
Research & Development Expenses		3.85		4.06
General Charges		8.94		8.83
Office Expenses		4.84		2.82
Charity & Donation		0.26		-
Water & Electricity Expenses		8.00		5.67
Business Promotion Expenses		21.22		14.32
		<u>588.37</u>		<u>539.63</u>

**SCHEDULE - "N" - FINANCIAL EXPENSES**

<b>PARTICULARS</b>	<b>2007-2008 (Rs. In Lac)</b>	<b>2006-2007 (Rs. In Lac)</b>
On Fixed Term Loans	-	-
To Bank	-	-
To Others	37.29	-
	<u>37.29</u>	<u>-</u>

**SCHEDULE - "O" - ADJUSTMENT FOR PRIOR PERIOD/EXCEPTIONAL ITEMS**

<b>PARTICULARS</b>	<b>2007-2008 (Rs. In Lac)</b>	<b>2006-2007 (Rs. In Lac)</b>
<b>PRIOR PERIOD INCOME</b>		
Rent	-	3.15
Interest	0.09	-
Freight	1.25	-
Total	<u>1.34</u>	<u>3.15</u>
<b>PRIOR PERIOD EXPENSES</b>		
Legal, Professional & Consultancy Charges	2.64	4.42
Subscription	-	0.39
Bank Charges	0.31	-
Others	0.25	0.15
Total	<u>3.20</u>	<u>4.96</u>
Net Prior Period Income /(Expenses)	(1.86)	(1.81)
<b>EXCEPTIONAL ITEMS</b>		
Loss on Sale of Shares	-	(287.23)
Written Back of Interest and Other Liability (As per BIFR Order)	-	23598.85
	<u>(1.86)</u>	<u>23309.81</u>

**SCHEDULE – 'P': SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES TO ACCOUNTS****A. Significant Accounting Policies & Practices:**

1. **General:**
  - (i) The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting & comply with the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards (NACAS) and relevant provisions of the Companies Act, 1956.
  - (ii) The financial statements are prepared in accordance with accounting principles generally accepted (GAAP) in India. The accounting treatment and presentation in financial statements have been governed by their substance over form.
2. **Revenue Recognition:**
  - (i) Revenue from sale of manufactured goods is recognised on dispatch to customers.
  - (ii) Revenue from consignment sales is recognised after the subsequent sale by consignment agents to customers.
  - (iii) Sales are inclusive of Excise Duty but net of rebate & discounts.
  - (iv) Interest Receivable on Inter-Corporate Deposits, due to uncertainty of realization, is consistently accounted for on cash basis.
3. **Fixed Assets and Depreciation:**
  - (i) Fixed assets (other than those which have been revalued) are stated at cost, net of CENVAT less accumulated depreciation.
  - (ii) Depreciation is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
  - (iii) Depreciation on additions / deletions to fixed assets is provided on prorata basis from the date of addition / till the date of deletion.
  - (iv) Leasehold Land – Acquisition cost of leasehold land is amortised over the period of lease.
  - (v) The installation cost of Fixed Assets taken on lease is capitalized and amortised by way of depreciation.
  - (vi) Depreciation on the addition due to revaluation of Fixed Assets is amortised against the revaluation reserve.
  - (vii) Assets under installation / construction as at the balance sheet date are shown as Capital work-in-progress and are valued at cost. However advances paid towards acquisition of assets are not included under Capital work-in-progress.
4. **Foreign Currency Transactions:**
  - (i) Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates.

- (ii) Any income or expense on account of exchange difference, either on settlement or on translation at balance sheet date, is recognized in the profit and loss as per the revised AS-11.

5. Inventory Valuation:

- (i) Inventory of Stores & Spares, Raw Materials, Chemicals & Catalyst and Fuel Oil is valued at cost or net realizable value, whichever is lower.
- (ii) Finished goods & Stock-in-process are valued at cost or net realisable value whichever is lower.
- (iii) The cost of bought out inventory is computed on the basis of weighted average method.
- (iv) Scrap/Waste is valued at net realizable value.

6. Employees Retirement Benefits:

The Company's contribution to Provident Fund is charged to the Profit & Loss Account. Gratuity and Leave Encashment are accounted for on the basis of actuarial valuation in accordance with AS-15(Revised) issued by NACAS.

7. Investments:

Long Term Investments are stated at cost unless there is a permanent fall in value thereof.

8. Taxation:

- (i) CENVAT credit is accounted for by reducing the purchase cost of related materials / services.
- (ii) In concurrence with the opinion of the ICAI, the Minimum Alternative Tax is considered as current tax for the year in which it arises and is charged to profit & loss account accordingly. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said assets is created by way of a credit to the profit and loss account and shown as 'MAT credit entitlement' under Loans & Advances.
- (iii) Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future.
- (iv) Provision for Fringe Benefit Tax is made on the basis of applicable rates on the taxable value of eligible expenses, as interpreted by CBDT, of the company as prescribed under the Income-Tax Act, 1961.

9. Earnings per Share:

Basic EPS is computed using the weighted average number of equity shares outstanding during the year in accordance with AS-20.

**B. Notes to Accounts:**

1. Contingent Liabilities:

(a) Claims against the Company not acknowledged as debt:

- (i) In respect of Excise Duty disputes pending with various Judicial Authorities Rs. 710.18 Lac (previous year Rs.619.13 Lac).
- (ii) In respect of Electricity Duty disputes pending with Judicial Authorities Rs. 68.54 Lac (previous year Rs.68.54 Lac).
- (iii) In respect of Entry Tax disputes pending with Judicial Authorities Rs. 34.25 Lac (previous year Rs.35.00 Lac).
- (iv) In respect of Income Tax disputes pending with various Judicial Authorities Rs. 846.95 Lac (previous year Rs.976.79 Lac).
- (v) In respect of disputed avaiement of Service Tax Credit disputes pending with Joint Commissioner of Central Excise Rs. 26.30 Lac (previous year 18.71 Lac).
- (vi) In respect of previous years dispute relating to import, pending with Judicial Authorities Rs. 150.00 Lac (previous year Rs.150.00 Lac).
- (vii) In respect of demand from DGFT, relating to default of export obligations related to advance licence Rs. 102.91 Lac (previous year Rs. Nil) contested by the Company.
- (viii) Disputed demand for late payment surcharge on electricity dues amount Rs. 74.84 Lac (previous year Rs.44.08 Lac) contested by the Company.
- (ix) Disputed demand from Provident Fund Department pending with Judicial Authorities Rs. 209.64 Lac (previous year Rs. 183.80 Lac).
- (x) Liabilities towards Employées Salary, Wages, Bonus and other benefits pending with Judicial Authorities Rs. 457.53 Lac (previous year Rs. 457.53 Lac).
- (xi) Disputed demand for excess incentive allowed in electricity bill by JVVNL Rs. 32.82 Lac (previous year Nil) contested by the Company.

- (b) Estimated amount of contract remaining to be executed on capital account Rs. 193.00 Lac (previous year Rs.51.35 Lac).

2. Managerial Remuneration:

(Remuneration of Directors)

Particulars	2007-2008 (Rs.in Lac)	2006-2007 (Rs.in Lac)
Salaries & Allowances	107.35	10.71
Contribution to Provident Fund	4.80	-
Sitting Fee	0.45	-
Perquisites	1.73	0.16
Total	114.33	10.87

3. Other Liabilities include an amount of Rs. 15.00 Lac received from M/s Cirrus Chemicals Private Ltd. towards part consideration of Rs. 150.00 Lac for sale of Land.
4. Balances of sundry debtors, loans and advances and current liabilities including sundry creditors are subject to confirmation and adjustments necessary upon reconciliation thereof.
5. The Company has entered into contracts & arrangements referred to in section 301 of the Companies Act, 1956. Compliance required with the proviso to section 297(b) is under progress.
6. Unclaimed amount in respect of debentures and excess share application money refundable (amount outstanding is Rs. 11.64 Lac) is required to be transferred to the "Investor Education and Protection Fund" in terms of Section 205C of the Companies Act, 1956. The Company is taking steps to reconcile the above accounts and deposit the amount with the appropriate authorities.
7. With respect to the dues of the Company to IIBI Ltd, UTI and RIICO, subsequent to the payments made to them in terms of Rehabilitation Scheme sanctioned by the BIFR, further payment of Rs. 35.12 Lac has been made towards loan settlement. The Company has now obtained the discharge letters / No due certificates from all the three secured creditors.
8. The Company has incurred substantial expenditure for operationalising the installed capacity of the existing plant and owing to the nature and quantum of the expense has decided to capitalize the same.
9. Particulars in respect of small scale industries have been furnished to the extent such parties have been identified on the basis of information available with the company. The small scale industries to whom the company owes any sum, which is outstanding as on 31st March 2008 for more than 30 days, are;

Sl. No	Party Name	Rs. in Lac
1	Goyal Lime Industries	1.43

10. In terms of AS-17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company has only one reportable segment i.e. Chemicals (manufacturing of Chlor Alkali products).
11. In terms of AS-18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, information required to be disclosed in respect of related parties is given below:
  - (A) Name of related party and nature of related party's relationship where control exists:-
    - (i) Party having substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the company.
      - a) Shri Alok Dhir & Shri Ashok Kumar

(B) Name of related party and nature of related party's relationship having transaction with the company:-

- (i) Key Managerial Personnel Relative of Key management Personnel
  - a) Shri Ashok Kumar Smt. Suman Kumar  
(Whole time Director)
  - b) Shri Jeevesh Kumar  
(Whole time Director)
  - c) Shri Dhananjay Gautam Smt. Roopa Gautam  
(Whole time Director)
  - d) Shri Jagtar Singh  
(Whole time Director)
- (ii) Party having significant influence:
  - a) Shri Rakesh Ahuja
- (iii) Associate Entities over which key management personnel and person having substantial interest in voting power are able to exercise significant influence.
  - a) Cirrus Chemicals Pvt. Ltd.
  - b) Dhir & Dhir Asset Reconstruction & Securitisation Co. Ltd.
  - c) Dhir & Dhir Associates
  - d) Globus Securities & Finance Pvt. Ltd.
  - e) Innovative Portfolio Pvt. Ltd.
  - f) Shiva Consultants Pvt. Ltd.
  - g) C S Portfolio Pvt. Ltd.
  - h) D S Portfolio Pvt. Ltd.

(C) Transactions with related parties (consolidated) for the financial year 2007-08.

(Amount in Lac)

Nature of Transaction	Key Management Personnel/Person having Significant Influence	Relative of Key Management Personnel	Associate Entities	Outstanding As at 31/03/2008 Dr./ (Cr.)
Sale of Goods	-	-	107.85	26.26
Receiving of Services	-	-	96.23	(30.22)
Loan Received	194.10	-	1005.15	(976.73)
Repayment of Loan Received	75.00	-	378.26	-
Remuneration	113.88	6.04	-	-
Lease Rent Paid	-	3.08	105.60	-
Receipt of Loan Given	0.60	-	-	0.40

12. Future obligations towards lease rentals under the lease agreements as on 31st March, 2008 amount to Rs. 562.27 Lac (previous year Rs. 569.40 Lac)

Particulars	2007-2008 (Rs.in Lac)	2006-2007 (Rs.in Lac)
Within one Year	135.59	108.90
Later than one year and not later than five year	426.68	422.40
Later than five year	-	38.10
Total	562.27	569.40

13. Earnings per share (in terms of Accounting Standard AS-20 issued by the Institute of Chartered Accountants of India).

Particulars	2007-2008 (Rs.in Lac)	2006-2007 (Rs.in Lac)
Profit/(Loss) after taxation as per Profit & Loss Account Including Exceptional Items	40.77	23156.38
Profit/(Loss) after taxation as per Profit & Loss Account Excluding Exceptional Items	40.77	(155.24)
Weighted Average No. of Equity Shares outstanding	24469820	4092217
Basic & Diluted Earnings Per Share Including Exceptional Items in Rs. (Face value – Rs.10/- per share)	0.17	565.86
Basic & Diluted Earnings Per Share Excluding Exceptional Items in Rs. (Face value – Rs.10/- per share)	0.17	(-) 3.79

14. The deferred Tax Assets/(Liability) comprise of the following:

Particulars	2007-2008 (Rs.in Lac)	2006-2007 (Rs.in Lac)
Deferred Tax Assets		
Carried forward Depreciation	516.93	781.02
Carried forward Business Losses	-	220.07
Disallowance under the Income Tax Act, 1961	232.46	23.20
Total	749.39	1024.29
Deferred Tax Liability		
Related to Fixed Assets	881.99	957.69
Total	881.99	957.69
Deferred Tax Assets(Net)	(132.60)	66.60



15. As per the provision and definition given in AS-28, since the recoverable amount of the assets are more than the carrying amount of the assets, no impairment loss needs to be provided.

16. Additional information as far as applicable pursuant to Part II of Schedule VI to the Companies Act, 1956:

a) Particulars of Capacities and Production (in MTs):

Items of manufacture	Installed Capacity* (per annum)		Actual Production	
	Year Ended 31.03.08	Period ended 31.03.07	Year Ended 31.03.08	Year Ended 31.03.07
1) Caustic Soda	84150	84150	32414	27939
2) Liquid Chlorine	50300	50300	28729	24781
3) Hydrochloric Acid	39600	39600	13851	14587
4) Calcium Hypo chloride (Bleach Liquor)	12600	12600	9044	8672
5) Stable Bleaching Powder	16500	16500	7096	2277
6) TCE	5000	5000	366	85
7) Hydrogen Gas	-	-	665	651

\*As certified by the management and not verified by the Auditors being technical matter. The same includes capacity of mercury plant, which is not operational.

b) Particulars of Stocks & Sales:

Items of manufacture	Stock				Sale			
	As on 31.03.2008		As on 31.03.2007		2007-2008		2006-2007	
	MT	Rs.in Lac	MT	Rs.in Lac	MT	Rs. in Lac	MT	Rs.in Lac
1) Caustic Soda	259	37.29	660	101.93	32027 788*	6261.54	26982 763*	5724.26
2) Liquid Chlorine	14	0.73	11	0.35	20687 8039*	1562.53	18755 6025*	770.41
3) Hydrochloric Acid	200	3.16	666	6.40	8346 5971*	139.70	8768 5311*	127.08
4) Calcium Hypochloride (Bleach Liquor)	-	-	-	-	9044	39.61	8672	35.32
5) Stable Bleaching Powder	18	1.57	93	6.60	7091 80*	674.48	2307	208.03
6) Hydrogen Gas	-	-	-	-	113 552*	103.33	215 436*	175.32
7) TCE	34	16.42	57	23.43	389	201.59	28	16.15
		59.18		138.71		8982.78		7056.57

\*Reflects internal consumption/adjustment

c) Particulars of Raw Materials and Chemicals consumed (including adjustment of excess and shortage ascertained on physical verification):

Particulars	2007-2008		2006-2007	
	Quantity (MTs)	Amount (Rs. in Lac)	Quantity (MTs)	Amount (Rs. in Lac)
Salt	52882	495.39	45402	387.73
Hydrated Lime	7078	216.59	3357	86.92
Barium Carbide	446	31.12	513	108.78
Sulphuric Acid	594	88.03	489	12.95
Sodium Sulphite	98	17.17	81	11.80
Calcium Carbide	333	101.34	115	32.52
Others	-	13.16	-	43.74
<b>Total</b>		<b>962.80</b>		<b>684.44</b>

d) Analysis regarding imported and indigenous materials consumed:

Particulars	Imported		Indigenous		Total Value
	Value	%	Value	%	Rs. in Lac
Raw Materials and Chemicals	5.00 (29.77)	0.52 (4.35)	957.80 (654.67)	99.48 (95.65)	962.80 (684.44)
Stores & Spares	22.59 (149.38)	11.06 (71.10)	181.69 (60.71)	88.94 (28.90)	204.28 (210.09)
Packing Materials	Nil (Nil)	Nil (Nil)	92.45 (53.10)	100 (100)	92.45 (53.10)

Note: Figures in brackets are for previous year.

e) C.I.F. value of imports:

Particulars	2007-2008 (Rs. in Lac)	2006-2007 (Rs. in Lac)
Stores & Spares	20.35	105.40
Raw Materials	3.94	26.95
<b>Total</b>	<b>24.29</b>	<b>132.35</b>

## f) Expenditure in Foreign Currency

Particulars	2007-2008 (Rs. in Lac)	2006-2007 (Rs. in Lac)
Traveling	8.08	13.78

## g) Earning in Foreign Currency on FOB value of Exports:

Particulars	2007-2008 (Rs. in Lac)	2006-2007 (Rs. in Lac)
i) Earnings in Foreign Currency	-	-
ii) Earnings in respect of Exports to Rupee Currency Area	-	-
Total	-	-

## 17. Balance Sheet Abstract and Company's General Business Profile as required under Part IV of Schedule VI to the Companies Act, 1956:

<b>i)</b>	<b>Registration details</b>	
	Registration No.	2099
	State Code	17
	Balance Sheet Date	31.03.2008
<b>ii)</b>	<b>Capital raised during the year</b>	<b>(Amt. in Rs. Thousands)</b>
	Public Issue	-
	Rights Issue	-
	Bonus Issue	-
	Private Placement	15000
	Calls in Arrears	38
<b>iii)</b>	<b>Position of mobilization and deployment of funds</b>	<b>(Amt. in Rs. Thousands)</b>
	Total Liabilities	603188
	Total Assets	603188
	<b>Sources of Funds</b>	
	Paid-up Capital	251539
	Reserves & Surplus	214853
	Secured Loans	381
	Unsecured Loans	123155
	Deferred Tax Liability(Net)	13260

	<b>Application of Funds</b>	
	Net Fixed Assets	572218
	Investments	328
	Net Current Assets	10816
	Accumulated Losses	19826
<b>iv)</b>	<b>Performance of the Company</b>	<b>(Amt. In Rs. Thousands)</b>
	Turnover	771999
	Total Expenditure	757624
	Profit/(Loss) before Tax	25072
	Profit/(Loss) after Tax	4077
	Earning per Share (in Rs.)	0.17
	Dividend Rate (%)	
<b>v)</b>	<b>Generic Names of three principal products of the Company</b>	
	Item Code No.	281511 00
	Product Description	Caustic Soda
	Item Code No.	280610 00
	Product Description	Hydro Chloric Acid
	Item Code No.	290322 00
	Product Description	Tri Chloro Ethylene

18. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Signatures to Schedules 'A' to 'P'

As per our Report of even date attached.

**For ALAG KUMAR & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**GURBIR SINGH ALAG  
PARTNER  
Membership No. 84075**

**ASHOK KUMAR  
MANAGING DIRECTOR**

**NILESH SHARMA  
DIRECTOR**

**Place : New Delhi  
Dated : 30.06.2008**

**P. K. GOYAL  
CHIEF FINANCIAL OFFICER**

**DEEPAK SHARMA  
COMPANY SECRETARY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

PARTICULARS	2007-2008 (Rs. In Lac)	2006-2007 (Rs. In Lac)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/( Loss) before Tax and Exceptional Items	252.57	(211.77)
Adjustments for: -		
Depreciation	538.30	514.08
Interest	37.29	-
Interest & Dividend Income	(0.07)	(0.03)
Loss on sale of Investment	0.09	-
Profit on Sale of Fixed Assets	(30.93)	(13.17)
Bad Debts written off	-	544.68
Operating Profit before Working Capital Changes	797.25	291.64
Adjustments for :-		
Decrease/(Increase) in Trade and Other Receivables	(382.15)	6.02
Decrease/(Increase) in Inventories	(13.88)	(72.25)
(Decrease)/Increase in Trade and Other Payables	56.72	(339.31)
Cash Generated from Operations	457.94	422.47
Interest	(37.29)	-
FBT Paid	(7.95)	(6.05)
Cash Flow from Operating Activities	412.70	416.42
Prior Period Items	(1.86)	(1.81)
Net Cash Flow From Operating Activities	410.84	414.61
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2,262.17)	(400.83)
Sale/Transfer of Fixed Assets	59.07	31.93
Sale of Investments	0.05	15.12
Purchase of Investments	(0.10)	-
Interest and Dividend received	0.07	0.03
Net Cash used in Investing Activities	(2,203.08)	(353.75)

<b>PARTICULARS</b>	<b>2007-2008 (Rs. In Lac)</b>	<b>2006-2007 (Rs. In Lac)</b>
<b>CASH FLOW STATEMENT Contd.</b>		
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from long term borrowings	949.08	(2,073.91)
Repayment of long term borrowings	(35.12)	-
Proceeds from Equity	150.38	2,000.00
Proceeds from Share Premium	750.00	-
Net Cash used in Financing Activities	<u>1,814.34</u>	<u>(73.91)</u>
Net Increase/(Decrease) in Cash and Cash equivalents	22.10	(13.05)
Cash & Cash Equivalents(Opening Balance)	21.42	34.47
Cash & Cash Equivalents(Closing Balance)	<u>43.52</u>	<u>21.42</u>

Note: Figures of previous year have been recast/regrouped wherever necessary

As per our report of even date attached

**For ALAG KUMAR & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**GURBIR SINGH ALAG  
PARTNER  
Membership No. 84075**

**ASHOK KUMAR  
MANAGING DIRECTOR**

**NILESH SHARMA  
DIRECTOR**

Place : New Delhi  
Dated : 30.06.2008

**P. K. GOYAL  
CHIEF FINANCIAL OFFICER**

**DEEPAK SHARMA  
COMPANY SECRETARY**

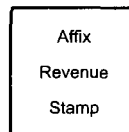
**LORDS CHLORO ALKALI LTD.**

Regd. Office: SP-460, Matsya Industrial Area,  
Alwar, (Rajasthan) 301 030

FORM OF PROXY

I/We \_\_\_\_\_ in the district of \_\_\_\_\_ having Regd.  
Folio No. \_\_\_\_\_ of \_\_\_\_\_ being a member/s of  
LORDS CHLORO ALKALI LTD. hereby appoint \_\_\_\_\_ or falling  
him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote  
for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held on  
Saturday, the 29th November, 2008 and at any adjournment thereof .

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008



Note : The proxy should be deposited at the Registered Office of the Company not less than  
48 hours before the commencement of the meeting

**LORDS CHLORO ALKALI LTD.**

Regd. Office: SP-460, Matsya Industrial Area,  
Alwar, (Rajasthan) 301 030

ATTENDANCE SLIP

(Please present this slip at the Entrance of the Meeting Hall)

I hereby record my presence at the 29th Annual General Meeting held at SP-460, Matsya  
Industrial Area, (Rajasthan) on Saturday, the \_\_\_\_\_, 2008.

To be signed at the time of handing over the slip at the Meeting Hall.

Signature of Member/Proxy

Name & Regd. Folio of Shareholder



## **BOOK POST**

**If undelivered please return to:**  
LORDS CHLORO ALKALI LIMITED  
B-88, DEFENCE COLONY, NEW DELHI 110 024

Printed by: Chandu Press