

LIME CHEMICALS LIMITED

**41ST
ANNUAL REPORT
2010-2011**

LIME CHEMICALS LIMITED

BOARD OF DIRECTORS

H.I.Dawoodani – Chairman
A.H.Dawoodani - Managing Director
M. S. Chandani
B. A. Mujawar
A.R. Somjee

REGISTERED OFFICE

Light House Building, Ground Floor
Sitafalwadi, Mazgaon
Mumbai – 400 010

AUDITORS

M/s. Chokshi & Chokshi
Chartered Accountants, Mumbai

BANKERS

Bank of Baroda
Development Credit Bank Ltd.
UTI Bank Ltd.
HDFC Bank

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate
Sakivihar Road, Saki Naka
Andheri East, Mumbai – 400 072

FACTORIES

Plot No. 43, Roha Industrial Area
Village Dhatav, Roha, Raigad (M.S)

31-32-33 & 34 Industrial Area
Paonta Sahib – 173 023 (H.P)

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LIME CHEMICALS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Fortyfirst Annual General Meeting of the Members of Lime Chemicals Limited will be held at the Registered Office at Light House Building, Ground Floor, Sitaphalwadi, Mazgaon, Mumbai – 400 010 on Friday, the 30th September, 2011 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Account for the year ended on 31st March, 2011 and the Balance Sheet as on that date and the reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. B.A.Mujawar, who retires by rotation and offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL RESOLUTION

4. To consider and, if deemed fit, to pass the following resolution, with or without modification, as Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 314(1B) read with Director’s Relatives (Office or Place of Profit) Amendment Rules, 2011 and all other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government if required, consent of the Company be and is hereby accorded to the appointment of Mr. Rahim A. Somji, son of Mr. Anis R. Somji, Director of the Company to hold and continue to hold an Office or Place of Profit as Commercial Manager (or any other designation and roles which the Board/Committee of the Board may decide from time to time) on a remuneration of Rs. 50,000/- per month with an annual increment not exceeding 10% of the prevailing salary as may be decided by the Board.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Secretary or Officer to give effect to the aforesaid resolution.”

5. Revision of remuneration payable to Mrs. S. A. Dawoodadani, Administration Manager

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

“RESOLVED THAT the Company approves, pursuant to Section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents, approvals and permissions as may be required, the revision/enhancement of remuneration payable to Mrs. S. A. Dawoodani, Administration Manager, a relative of the Chairman and Managing Director, and to hold an office or place of profit as Administration Manager on the following enhanced remuneration with effect from 1st September 2011:

Salary: Rs. 75,000/- per month with an Annual Increment not exceeding 10% of the prevailing salary as may be decided by the Board.

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

Resolution No. 4

This Special resolution relates to the appointment of Mr. Rahim A. Somjee in the employment of the Company as “Commercial Manager”. Mr. Rahim Somjee is with educational qualification of BBA is son of Mr. Anis R. Somjee, a Director of the Company. The Selection Committee has approved the appointment and overall remuneration of Rs.50,000/- per month payable to Mr. Rahim Somjee and the Board at its meeting held on 26th August, 2011 approved the appointment and remuneration payable to Mr. Rahim Somjee with effect from 1st September 2011. The appointee is a relative of a Director of the Company and hence this appointment amounts to an Office or Place of Profit and requires the approval of the members of the Company in terms of Section 314 of the Companies Act, 1956 read with Director’s Relatives (Office or Place of Profit) Amendment Rules, 2011. The total remuneration payable to the relatives of Directors is within the ceiling of remuneration payable under the Director’s Relatives (Office or Place of Profit) Amendment Rules, 2011, hence approval of the Central Government need not required.

The Board of Directors recommends the resolution for approval of the members. None of the Directors of the Company is concerned or interested in this resolution except Mr. Anis R. Somjee.

Resolution No.5

Mrs. S. A. Dawoodani, Administration Manager is a relative of Mr. A. H. Dawoodani, Managing Director and Mr. H.I.Dawoodani, Chairman of the Company and her present remuneration is Rs. 45,000/- per month. Considering the increased administrative work involved in the Company's factories and in Offices, the Board approved the enhancement of her remuneration to Rs. 75,000/- per month with effect from 1st September 2011.

The Board of your Company approved to revise the remuneration payable to Mrs. S. A. Dawoodani subject to your consent as mentioned in the resolution by way of special resolution as required in terms of Section 314(1)(b) of the Companies Act 1956 for holding office or place of profit by a relative of the Director at an enhanced remuneration.

Your Directors recommend that the Resolution be passed. Except Mr. A. H. Dawoodani, Managing Director and Mr. H. I. Dawoodani, Chairman, being relatives, no other Director is deemed to be interested or concerned in the Resolution.

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) The form of proxy should be deposited at the registered office of the Company not less than 48 hours before commencement of meeting.
- c) The Register of members and Share Transfer Books of the Company will be closed from 28th September, 2011 to 30th September, 2011 (both days inclusive)
- d) Members are requested to please bring their copies of the Annual Report to the Meeting.

For and on behalf of the Board of Directors

REGISTERED OFFICE

Light House Building, Ground Floor
Sitafalwadi, Mazgaon
Mumbai – 400 010
DATED: 25th August, 2011.

A.H.DAWOODANI
Managing Director

LIME CHEMICALS LIMITED

DIRECTORS’ REPORT

The Directors present their 41st Annual Report on the business and operations of the Company and the financial accounts for the year ended on 31st March, 2011.

FINANCIAL RESULTS

(Rs. In lacs)		
	For the year ended on 31/03/2011	For the previous year ended on 31/03/2010
Particulars		
Gross Profit (before interest, depreciation & taxation)	(413.98)	94.46
Less: Interest	487.77	452.20
Depreciation	188.79	187.64
Miscellaneous expenses written off	94.36	29.09
Profit before tax	(1184.90)	(574.47)
Deferred Tax Liability	136.43	---
Profit / Loss after Tax	(1321.34)	(574.47)
Prior year adjustment	34.70	6.21
Add: Balance brought from previous year	(3551.19)	(2982.94)
Profit / (Loss) available for appropriations	(4907.23)	(3558.53)
APPROPRIATIONS / TRANSFERS		
Previous year write back (net)	(0.21)	6.21
Profit/(loss) carried to Balance Sheet	(4894.48)	(3551.19)

DIVIDEND

Your Directors do not recommend any dividend on equity shares in view of the loss and carry forward loss incurred by the Company.

REFERENCE TO BIFR

The Company had made Reference to the Board for Industrial & Financial Reconstructions (BIFR) under Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 and has been registered as case No. 14/2008 on 10.03.2008 as the entire net worth of the Company has been eroded. As per the draft Rehabilitation Scheme submitted consultation with the consortium Banks to the BIFR, the Company has been declared as Sick Company by an Order issued by the BIFR on 24th February 2010 and has appointed Bank of Baroda as the Operating Agency with directions to prepare a revival scheme for the Company and to submit before BIFR. The Operating Agency i.e. Bank of Baroda is in the process of preparation and submission of revival scheme to BIFR.

OPERATION AND FUTURE OUTLOOK

During the year under review, the turnover has come donw to Rs. 39.03 crores against Rs. 45.81 crores in the previous year due to disruption and subsequent close down of manufacturing plant at Paonta Sahib, Himachal Pradesh. The Company’s manufacturing plant at Roha is working at its optimum capacity. The manufacturing plant at Paonta Sahib, Himachal Pradesh has closed down with effect from 12th January 2011 due to labour problem. The management has implemented Voluntary Retirement Scheme in its Paonta Sahib Plant and all the workers have accepted to the Scheme. The Company has taken various steps to boost better working results and operating profit, which will result in the coming years. The management hopes to achieve better results on account of increased turnover and the measures to increase profitability in the years to come.

The Company is negotiating with the Consortium Banks for restructuring of its existing Long Term Working Capital Facilities with Bank of Baroda, the Operating Agency appointed by BIFR to implement its plans to reduce the cost of production and improve efficiency of the Plants.

DIRECTORATE :

Mr. B.A.Mujawar, a Director of the Company, who retires by rotation and being eligible offered himself for reappointment.

EXPORTS

During the year under review, the Company exported its products to various countries. Total exports during the year on FOB basis was Rs. 160.60 lacs against Rs. 132.35 lacs in the previous year.

FIXED DEPOSITS

The Company does not accept fresh deposits from Public / Members except renewal of existing deposits on maturity. There was unclaimed deposit from some depositors, to whom reminders were sent to claim the same.

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE OPPORTUNITY AND THREATS**

During the year 2010-11, the Calcium Carbonate Industry in India as well as in the World have been in good demand. The increasing application of calcium carbonate in industrial production and ancillary products will boost growth in further higher levels.

The major threat the Company facing are, ever increasing borrowing cost, rising inflation and delay in arranging working capital finance. The other major threats the Company foresees like increase in petroleum products, increase in raw material cost and shortage of power supply and hike in power tariffs.

RISK MANAGEMENT

The Company is evolving a Risk Management Programme covering in its scope an Adequate Risk Identification process and Risk Mitigation methodology. Steps to reduce Raw Material Wastage, Increase Yields, and generally improving production efficiency are being taken regularly.

SEGMENT WISE FINANCIAL PERFORMANCE

Since the Company is engaged in manufacturing only one product i.e. Calcium Carbonate, segment wise performance is not given. However, the Financial Performance is given under the head "Operations".

OUTLOOK

The Management has taken various steps to improve working and confident that the Company will achieve better results.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has an adequate system of internal control of procedure commensurate with the size and nature of its business. It maintains a system of well established policies and procedures for its operations and activities. It ensures optimum use of the Company's resources and provides guidelines authorization and approved procedures. It endeavors to use its resources efficiently.

The Company has obtained ISO 9001 certification and adheres to the Standard Operating Practices its manufacturing and operating activities.

The Company's internal auditors carry out audit of accounts, internal control systems and procedures on regular basis. Any significant issues are brought to the attention of the Audit Committee, which reviews it periodically and suggestions and recommendations made by it are carried out for further improvement.

RELATED PARTY TRANSACTION

These have been discussed in detail in the notes to the accounts in the financial statements.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company has focused on building the organization for developing human resources. Training was imparted to the various sections of employees for improving their skills. The relationship with the employees trade union continues to be cordial.

HEALTH AND SAFETY

The Company continues to focus on health and safety of all its workers and staff. It operates in sound health and safety and secured environment system. Adequate safety measures have been taken at both the plants and offices for the prevention of accidents or any untoward incidents

CAUTIONARY STATEMENT

Some of the statements contained within this report may be forward looking in nature and may involve risks and uncertainties. Actual Result and Outcomes in future may vary materially from those discussed herein. Factors that may cause such variances include, but are not limited to management of growth, market acceptance of Company's product and services, risk associated with new product version, dependence on third party relationship and the activities of competitors.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Board of Directors of your Company confirms that:

- i) in the preparation of the annual accounts, applicable Accounting Standards have been followed ;
- ii) the Accounting Policies are consistently applied and reasonable, prudent judgment and estimates are made 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 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 this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the Annual Accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORBTION ETC.

The particulars of conservation of Energy, Technology, Absorption, foreign Exchange Earnings and outgo as required under Section 217 (i)(e) of the Companies Act, 1956 have not been given since the same are not applicable to the Company.

PARTICULARS OF EMPLOYEES

The Company did not have any employee falling within the purview of Section 217(2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with the Auditor's Statement of its compliance is given in a separate annexure.

AUDITORS & AUDITOR'S REPORT

The Company's Auditors M/s. Chokshi & Chokshi, Chartered Accountants, will retire at the forthcoming annual General Meeting and is eligible for re-appointment. Members are requested to appoint M/s. Chokshi & Chokshi, as Statutory Auditors of the Company.

The Auditors M/s. Chokshi & Chokshi, have referred to certain qualifications to their Audit Report and to notes forming part of Accounts in their report to the members. The qualifications and notes referred to by Auditors are self explanatory.

INDUSTRIAL RELATIONS

The Industrial Relations continued to be cordial during the year under review.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the continued co-operation by the Company's Bankers and Financial Institutions and the support given by the Company's valued customers. The Board also express its sincere appreciation to the commitment and dedicated employees at all levels. Last but not least the Board places on record their gratitude to the Investors, Depositors, Clients and Shareholders of the Company.

PLACE: MUMBAI
DATE : 25th August 2011

On behalf of the Board of Directors
A. H. DAWOODANI
Managing Director

LIME CHEMICALS LIMITED

REPORT ON CORPORATE GOVERNANCE

In terms of clause 49 of the listing agreement with the Stock Exchanges, a report on Corporate Governance is given below:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company has adopted good corporate governance practices and ensures compliance with all relevant laws and regulations. It has lead to the satisfaction and transparency to the shareholders. Company's philosophy is concerned with ethics, values, morals and social responsibility of the Company. The Company remains accountable to shareholders and other beneficiaries for their actions. The Company conducts its activities in a manner that is fair and transparent and perceived to be such by others.

2. BOARD OF DIRECTORS

The present strength of Board consist 5 Directors comprising 2 Executive and 3 non-executive Directors. During the financial year ended on 31.3.2011, 8 Board meetings were held on 15.05.2010, 26.07.2010, 14.08.2010, 30.09.2010, 13.11.2010, 18.12.2010, 19.01.2010 & 29.01.2011. The attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and number of other Directorship and Membership/Chairmanship of Committee are as follows:

Name of the Director	Attendance Particulars		No. of directorship/and Committee Membership / Chairmanship in other Companies			
	Board Meetings	Last AGM	Directorship in private Companies	Directorship in public Comp anies	Committee Member or Chairman	Committee Chairman- ships
Mr. H.I.Dawoodani Promoter/ Non Independent / Executive	8	Yes	1	2	Nil	Nil
Mr. A.H. Dawoodani Promoter / Non Independent / Executive	8	Yes	1	2	1	1
Mr. M. S. Chandani Non Executive / Independent	0	No	Nil	Nil	Nil	Nil
Mr. B. A. Mujawar Non Executive / Independent	8	Yes	Nil	Nil	Nil	Nil
Mr. A. R. Somjee Non Executive / Independent	0	No		Nil	Nil	Nil

3. Brief profile of re-appointment of Director in compliance with Corporate Governance

Name : Mr. B.A. Mujawar
Age : 61 years
Qualification : Doctorate in Chemical Engineering
Experience : Morethan 30 years of experience in the field of Engineering and Education activities.
Directorship in other Companies : Nil

4. REMUNERATION OF DIRECTORS

The Board has not set up a Remuneration Committee. At present Independent Directors are not paid any remuneration for attending Board and Committee Meeting. The Company does not have any Stock Option Scheme.
The details of remuneration paid to Managing Director during the financial year 2010-2011 are as under:

Name	Salary	Perquisites	Total
Mr. Ahmed H. Dawoodani	Rs. 30,00,000	Nil	Rs. 30,00,000

5. AUDIT COMMITTEE

The Audit Committee comprised 4 Directors viz Mr. A.H.Dawoodani, Mr. M.S.Chandani, Mr. B.A.Mujawar and Mr. Anis R. Somjee. Mr. M.S.Chandani is the Chairman of the Commiittee. Except Mr. A.H.Dawoodani, all other Directors are Non Executive and Independent Directors. During the financial year under review, 5 meetings were held on 15.05.2010, 26.07.2010, 14.08.2010, 13.11.2010 & 29.01.2011. The attendance of the Audit Committee during the year 2010-2011 is as under:

Name of Member	15.05.2010	26.07.2010	14.08.2010	13.11.2010	29.01.2010
Mr. A. H. Dawoodani	Yes	Yes	Yes	Yes	Yes
Mr. M. S. Chandani	Yes	Yes	Yes	Yes	Yes
Mr. B.A. Mujawar	Yes	Yes	Yes	Yes	Yes
Mr. Anis R. Somjee	No	No	No	No	No

6. SHARE TRANSFER AND INVESTORS’ GRIEVANCE COMMITTEE

The Share Transfer and Investors’ Grievance Committee comprises of 3 Directors viz. Mr. A.H.Dawoodani, MD, Mr. M.S.Chandani and Mr. B.A.Mujawar. The Committee meets for approval of transfers, transmissions, issue of duplicate share certificates and consolidation of shares etc. as and when such requests are received. The Committee also reviews the status of Investor Grievances and recommends measure to improve in solving Investor Services. The Committee met 6 times during the year on 30.04.2010, 14.05.2010, 17.09.2010, 08.10.2010, 22.10.2010 and 07.01.2011.

7. GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are given below:

Date	AGM/ EGM	Venue	Time	No. of Special Resolution
30.09.2010	AGM	Registered Office at 10, Light House Ground Floor, Sitaphalwadi, Mazgaon Mumbai – 400 010	10.00 a.m.	2
30.09.2009	AGM	Registered Office at 10, Light House Ground Floor, Sitaphalwadi, Mazgaon Mumbai – 400 010	10.00 a.m.	1
29.09.2008	AGM	Registered Office at 10, Light House Ground Floor, Sitaphalwadi, Mazgaon Mumbai – 400 010	10.00 a.m.	--

There were no proposals requiring special resolution to be passed through Postal ballot and also no Extra Ordinary General Meeting was held.

8. DISCLOSURES:

- a) There was no transaction of material nature with the Promoters, Directors, Management or their relatives during the financial Year of the Company, which could have potential conflict with the interests of the Company at large. However, the transactions detailed in Note no. 10 of Schedule 18 annexed to the Accounts may be considered as related party transactions.
- b) The Company does not have a Whistle Blower Policy. All the same, no personnel of the Company have been denied access to the grievance redressal mechanism of the Company.
- c) The Company is in Compliance with all the mandatory Provisions of Clause 49 of the Listing Agreement.

9. MEANS OF COMMUNICATION:

- a) The Annual, half Yearly and quarterly results are regularly submitted to the Stock Exchange and published in accordance with the Listing Agreement.
- b) Management Discussion and Analysis forms part of the Director's Report.

10.. GENERAL INFORMATION FOR SHAREHOLDERS

i) AGM: Date, Time & Venue	30 th September, 2011 at 10.00 a. m Registered Office at Light House Building, Ground Floor Sitafalwadi, Mazgaon, Mumbai – 400 010
ii) Financial Year	1 st April 2010 - 31 st March, 2011
iii) Book closure	28.09.2011 to 30.09.2011
iv) Dividend payment date	No dividend recommended
v) Listing on Stock Exchange	The Bombay Stock Exchange (BSE)
vi) Listing fees paid for the year	2011-2012
vi) Dematerialisation of shares	As on 31.03.2011, 77.33% of total paid-up equity capital dematerialized.
vii) ISIN of the Company for demat	INE891G01011
viii) Registrar & Share Transfer Agent	Big Share Services Private Limited E/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka Andheri (East), Mumbai – 400 072

11. MARKET PRICE DATE: HIGH / LOW DURING EACH MONTH IN 2010 – 2011 ON BOMBAY STOCK EXCHANGE

Month	High – Rs.	Low – Rs.
April 2010	5.85	4.59
May 2010	7.72	5.05
June 2010	9.36	6.53
July 2010	9.25	6.45
August 2010	8.28	7.00
September 2010	7.56	5.90
October 2010	8.14	5.91
November 2010	7.96	5.53
December 2010	7.07	5.52
January 2011	7.40	5.30
February 2011	5.06	3.91
March 2011	4.42	3.89

12. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

No. of Equity Shares Held	No. of Shareholders	No. of Shares	% Total
1 - 500	4,813	6,61,867	20.11
501 - 1000	245	2,00,185	6.08
1001 - 2000	100	1,56,225	4.75
2001 - 3000	32	82,459	2.51
3001 - 4000	17	59,060	1.80
4001 - 5000	16	74,509	2.26
5001 - 10000	21	1,67,697	5.10
10001 and above	40	18,88,274	57.39
TOTAL	5,284	32,90,276	100.00

13. SHAREHOLDING PATTERN AS ON 31.03.2011 IS AS FOLLOWS :

SR.NO	CATEGORY	NO.OF SHARES HELD	% OF SHARE-HOLDING
1.	Promoters Holding		
	Indian Promoters and Persons Acting in concert	13,27,121	40.33
	- Foreign Promoters	--	--
	Banks, Financial Institutions / Insurance Cos.	64,000	1.95
2.	Mutual Funds & UTI	3,420	0.10
3.	Private Corporate Bodies	3,59,293	10.92
4.	NRIs/OCBs	62,929	1.91
5.	Clearing Members	0	0
6.	Indian Public	14,73,533	44.79
	TOTAL	32,90,276	100.00

On behalf of the Board of Directors
A.H. DAWOODANI
Managing Director

MUMBAI
DATED : 25th August 2011

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

A.H. DAWOODANI
Managing Director

Mumbai
Dated: 25th August, 2011

**Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.
To the members of Lime Chemicals Ltd.**

We have examined the compliance of the conditions of Corporate Governance by LIME CHEMICALS LIMITED (the Company) for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an Audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of the information and according to the explanations given to us and representation made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of certificate issued by the Managing Director of the Company, we state that, there were no investor's grievances remained unattended / pending for more than thirty days.

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

P.V.Ramaswamy
Company Secretary
Membership No. 1708 C.P. No. 2087

Mumbai
Date: 24th August 2011

AUDITORS' REPORT TO THE MEMBERS OF LIME CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of Lime Chemicals Limited (The Company), as at 31st March 2011, and the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) 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 those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) 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 sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, *except one being disqualified to be appointed as director of the Company*, none of the directors are disqualified as on 31st March, 2011 from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) Attention is invited to the following:
 - (i) *The Company continues to disclose the results on a going concern basis, despite erosion of over 50 % of the net worth and closure of one of the factory unit, relying upon the improving profitability/net worth position for a Company as a whole. In addition, the management explanations in this regard have been relied upon.*
 - (ii) *The Company continues to value finished goods of Rs. 2184 thousands based on work certified and the same has been relied upon.*
 - (iii) **a.** *Sundry Debtors Rs.35435 thousand, Sundry Creditors Rs.9134 thousand, Other Liabilities Rs.78659 thousand, Loans and Advances Rs.27630 thousand, Secured Loans Rs.332463 thousand and Unsecured Loans Rs.92527 thousand are subject to confirmations.*
b. *Of the Above, Sundry Debtors Rs.14067 thousand, Sundry Creditors Rs.24777 thousand, Loans and Advances Rs.10045 thousand, Secured Loans Rs.72904 thousand and Unsecured Loans Rs.26989 thousand are outstanding for more than one year and may need adjustments to the stated amount.*
 - (iv) *Note No 24 to schedule 20, in respect of deposits without complying various provisions referred in para vi of CARO report.*
 - (v) *Note no 11 and 12 regarding payment of remuneration of Rs 3252 thousand to managing director/ managers as the Company is not eligible for payment of remuneration considering the provisions of Schedule XIII of the Companies Act, 1956.*
 - (vi) *Company does not have any confirmations regarding creditors registered under MSMED Act as on 31st March 2011. However reliance has been placed on the list of MSMED parties available in the earlier financial statements of the Company. Consequential impact of all the above cannot be quantified and fully ascertained and thus not provided for.*
5. Subject to para 4 (f) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011.
 - ii. in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Mumbai.

Date: 25th August 2011

For CHOKSHI AND CHOKSHI

Chartered Accountants
Firm Reg. No.: 101872W

Dilip Parikh

Membership No.: 35305
Partner

ANNEXURE REFERRED TO IN PARAGRAPH (3) OF THE AUDITORS' REPORT TO THE MEMBERS OF LIME CHEMICALS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in respect of Roha factory, where details are maintained from 1st July 1981. In case of Poanta factory, we are informed that assets register was under preparation upto 31st March, 1998 and the same has been misplaced upto this date. However assets register is duly maintained from 1st April, 1998
- (b) The Fixed Assets have been physically verified by the management as per the program of verification followed by the Company. In our opinion, the frequency of the verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventories:
- (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
- (a) According to information and explanation given to us, the Company has granted an interest free loan to a party covered in the register maintained under section 301 of the Companies Act 1956. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs.1432 Thousands and the year end balance is Rs. Nil.
- (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and condition for loans given by the Company, are *prima facie* not prejudicial to the interest of the Company.
- (c) The principal amount is received during the year.
- (d) According to information and explanation given to us, the Company has taken interest free loan from a party covered in the register maintained under section 301 of the companies Act 1956. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 561 Thousands and the year end balance is Rs. 556 Thousands.
- (e) In our opinion, the rate of interest and other term and condition on which loans have been taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the Company.
- (f) The Company is regular in paying the principal amount.
- (iv) 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 for the purchase of inventory and fixed assets and for the sale of goods *except in respect of some of the transactions directly routed through the personal bank accounts of the directors* and we have not observed any continuing failure to correct major weaknesses in such internal controls.
- (v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The transactions that needed to be entered into the register have been so entered.
- (b) Where each of such transactions (*excluding loans reported under paragraph (iii) above*) is in excess of Rs 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vi) *In our opinion and according to the information and explanations given to us, the Company has not complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public in respect of acceptance/renewal of deposits, maintenance of liquid asset, advertisement, statement in lieu of advertisement, return of deposits, etc.*
- (vii) *In our opinion and according to the information and explanations given to us, no internal audit function is carried out during the year.*
- (viii) As explained to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the year under audit. Accordingly the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (ix) In respect of statutory dues
- (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues *except as stated in Note no 4 to Schedule 20*, and any other material statutory dues with the appropriate authorities during the Period though there has been a slight delay in a few cases.

- (b) According to information and explanation given to us, no undisputed amounts payable in respect of, income tax, customs duty, excise duty and cess were in arrears, as at 31st March 2011 for a Period of more than sixmonths from the date they became payable, *except Sales Tax/Vat amounting to Rs. 23241 thousand, CST amounting to Rs 12729 thousand, Provident Fund amounting to Rs.2065 thousand ,Employees State Insurance amounting to Rs. 584 thousand , Staff Professional Tax amounting Rs.889 thousand & Income tax for AY 2006-07Rs 457 thousand.*
- (c) According to the information and explanations given to us, details of disputed sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited as on 31st March 2011 on account of any dispute are given below:

Name of statute	Nature of the dues	Amount (Rs. in Thousand)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2017	A.Y 1994-95	Delhi High Court
Income Tax Act, 1961	Income Tax	469	A.Y 1997-98	Delhi High Court
Income Tax Act, 1961	Income Tax	6411	A.Y. 2005-06	Income Tax Appellate Tribunal
Bombay Sales Tax Act, 1959/ Central Sales Tax Act, 1956	BST/CST	9134	FY 2004-05	Joint Commissioner of Sales Tax (Appeals)

- (x) The accumulated losses as at the end of the financial year are not less than 50% of the net worth of the Company. Also, the Company has incurred cash losses Rs.116725 thousand during the financial year covered by our audit and the Rs 38062 thousand during the immediately preceding financial year. However accounts of the company are continued to be prepared on going concern basis.
- (xi) *In our opinion and according to the information and explanations given to us, the Company has made default in the repayment of dues to financial institutions and banks. The Company had no dues to debenture holders during the year. The period of default is not ascertainable as there are many accounts however amount involved is Rs.332463 thousand (Previous year Rs 299146 thousand).*
- (xii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given Corporate Guarantee for loan taken by Himachal Polyolefins Ltd. from ICICI Bank; however terms and conditions thereof are not prejudicial to the interest of the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, *prima facie*, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, *prima facie*, been used during the year for long term purpose. No long term funds have been used to finance short term assets other than temporary deployment pending application.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) In our opinion and according to the information and explanations given to us, the Company does not have any debentures outstanding during the period covered by our report. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- (xx) During the period covered by our audit report, the Company has not raised any money by public issues. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Chokshi and Chokshi
Chartered Accountants
Firm Registration No: 101872W

Dilip Parikh
Partner
Membership No: 35305

Place : Mumbai
Date : 25th August 2011

Compliance Certificate

The Members
Lime Chemicals Limited
10, Light House Building, Ground Floor
Sitaphalwadi, Mazgaon
Mumbai – 400 010

I have examined the registers, records, books and papers of M/s. Lime Chemicals Limited, as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies.
3. The Company, being a public limited company, comments as per Sec. 3 (1) (iii) of the Act are not required.
4. The Board of Directors duly met 8 (Eight) times on 15.05.2010, 26.07.2010, 14.08.2010, 30.09.2010, 13.11.2010, 18.12.2010, 19.01.2011 & 29.01.2011 in respect of which meetings proper notices were given and the resolutions passed were recorded in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 29th September 2010 to 30th September 2010 (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 30th September 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. It was informed that the Company has not advanced any loans to its directors and/or persons or firms or companies referred in the Section 295 of the Act during the financial year.
9. It was informed that the Company has not entered into any fresh contracts during the financial year falling within the provisions of Section 297 of the Act.
10. It was informed that since there were no contracts during the financial year the Company has not made any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. That
 - i) the Company has not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - ii) The Company was not required to post any warrants to the members as no dividend was declared during the financial year.
 - iii) There are no amount lying in unpaid dividend account, application money due for refund, matured deposits and debentured and the interest accrued thereon and no amount has remained unclaimed or unpaid for a period of seven years for the requirement to transfer to Invest Education and Protection Fund.
 - iv) The requirement of Section 217 of the Act has been duly complied with.
13. The Board of Directors of the Company is duly constituted and the appointment of directors has been duly made. There was no appointment of alternate directors and directors to fill casual vacancies during the financial year.
14. The Company has not appointed any sole selling agents during the financial year.
15. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
16. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
17. The Company has not issued any shares, debentures or other securities during the financial year.
18. The Company has not bought back any shares during the financial year.
19. There was no redemption of preference shares / debentures during the financial year.
20. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

- 21. The Company has renewed deposits including unsecured loans falling within the purview of Section 58A of the Act during the financial year and no filings has done in respect of the same.
- 22. The Company has not altered the provisions of the memorandum with respect to the name, share capital, situation of the registered office from one state to another during the year under scrutiny.
- 23. The Company has not altered its Articles of Association during the financial year.
- 24. It was informed that there were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishments was imposed on the company during the financial year for offences under the Act.
- 25. The Company has not received any amount as security from its employees during the financial year.
- 26. The Company has not created any trust as defined in Section 418 of the Act, hence the said section is not applicable.

P.V.Ramaswamy
Company Secretary
Membership No. 1708 C.P. No. 2087

Annexure ‘A’

Registers as kept by the Company
Statutory Registers:

- 1. Register of members u/s. 150
- 2. Register of share transfer u/s. 108
- 3. Register of Directors, Managing Director, Secretary u/s. 303
- 4. Register of Directors shareholding u/s. 307
- 5. Minutes Books of General Meetings and Board Meetings u/s. 193
- 6. Register of Charges u/s. 143
- 7. Books of Account u/s. 209
- 8. Registers and Returns u/s. 163
- 9. Register of Disclosure of Interest of Directors.

Annexure ‘B’

Forms and Returns as filed by the Company with the Registrar of Companies or other authorities, during the financial year ending on 31st March, 2011

S.No.	Form/Return No.	U/S.	Description	Date of filing
1	Form 23 AC & 23 ACA	220	Balance Sheet and Profit & Loss Account for the year ended 31.3.2010	14.10.2010
2	Form 66	383A	Compliance Certificate	15.10.2010
3	DIN3		Details of Directors	23.08.2010
4	Form 32	303(2)	Director Appointment	26.08.2010
5	Form 25C	269(2) & ScheduleXIII	Managing Director Appointment	14.10.2010
6	Form 32	303(2)	Change in designation of Director	14.10.2010
7	Form 23		Special Resolution	14.10.2010
8	Form 20B		Annual Return	12.11.2010

P.V.Ramaswamy
Company Secretary
Membership No. 1708 C.P. No. 2087
Place: Mumbai
Date: 24th August, 2011

LIME CHEMICALS LIMITED				
AUDITED BALANCE SHEET AS AT 31ST MARCH 2011				
	Schedule		As at 31.03.2011	As at 31.03.2010
	No.		(Rupees)	(Rupees)
I. SOURCES OF FUNDS				
1. Shareholders' Fund				
a) Share Capital	1	32,565,505		32,565,505
b) Reserves & Surplus	2	86,418,438		86,418,438
			118,983,943	118,983,943
2. Loans Funds				
a) Secured Loans	3	332,463,419		297,262,156
b) Unsecured Loans	4	92,527,297		76,878,264
			424,990,716	374,140,421
3. Deferred Tax Liability (Net)	5		20,993,075	7,349,788
TOTAL			564,967,734	500,474,152
II. APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross Block	6	389,065,143		379,949,170
b) Less Depreciation		238,503,050		219,775,955
c) Net Block		150,562,093		160,173,215
d) Capital Work - in-Progress		90,446		1,318,364
			150,652,539	161,491,579
2. Investments	7		89,203	11,036,242
3. Current Assets, Loans and Advances				
a) Inventories	8	31,431,382		54,224,756
b) Sundry Debtors	9	35,434,833		71,060,997
c) Cash & Bank balances	10	1,694,367		4,213,368
d) Loans and Advances	11	27,630,217		39,409,341
		96,190,799		168,908,462
4. Less: Current Liabilities and Provisions				
a) Current Liabilities	12	170,004,095		192,556,291
b) Provisions	13	2,684,170		12,721,480
		172,688,265		205,277,771
Net Current Assets			(76,497,466)	(36,369,309)
5. Miscellaneous Expenditure (to the extent not written off or adjusted)	14		- -	9,196,445
6. Profit & Loss Account			490,723,458	355,119,194
TOTAL			564,967,734	500,474,152
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	19			

As per our attached report of even date
For CHOKSHI & CHOKSHI
Chartered Accountants
Firm No. : 101872W

Dilip Parikh
Partner
Membership No.35305
PLACE : MUMBAI
DATE : 25th August 2011

For and on behalf of the Board of Directors
H . I. DAWOODANI
Chairman
A . H. DAWOODANI
Managing Director
A.R. SOMJEE
Director

PLACE : MUMBAI
DATE : 25th August 2011

LIME CHEMICALS LIMITED				
AUDITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011				
	Sche dule No.		As at 31.03.2011	As at 31.03.2010
INCOME				
1. Sales (Gross)		422,566,544		487,849,705
Less : Excise Duty recovered on sales		32,247,790		29,742,105
Sales (Net)			390,318,754	458,107,600
2. Other Income	15		1,755,258	2,313,545
TOTAL			392,074,012	460,421,144
EXPENDITURE				
3. Increase / (Decrease) in Stocks	16	22,626,426		4,746,726
4. Manufacturing and Other Expenses	17	411,802,506		454,398,020
5. Central Excise Duty on Stocks		(956567)		1,323,607
7. Depreciation		18,879,182		18,763,805
8. Miscellaneous Expenditure Written Off	14	9,436,445		2,908,772
PROFIT BEFORE TAX			510,56,876	500,941,938
9 Current Tax			(118,490,864)	(57,446,644)
10 Deferred Tax			-	-
PROFIT AFTER TAX			13,643,287	-
11. Less :- Prior Year Adjustment (net)			(132,134,151)	(57,446,644)
12. Balance brought forward from previous year			3,470,113	(620,877)
PROFIT AVAILABLE FOR APPROPRIATION			(355,119,194)	(298,293,426)
13. Appropriations			(490,723,458)	(355,852,789)
Write Back Previous Year Excise Stock				
Balance Carried to Balance Sheet			-	733,596
			(490,723,458)	(355,119,194)
14. Basic Earnings Per Share (EPS) (Rs.)			(490,723,458)	(355,119,194)
Diluted Earnings Per Share (EPS) (Rs.)			(41.21)	(17.68)
Face value Rs.10/- per share			(41.21)	(17.68)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	19			

As per our attached report of even date
For CHOKSHI & CHOKSHI
Chartered Accountants
Firm No. : 101872W

Dilip Parikh
Partner
Membership No.35305
PLACE : MUMBAI
DATE : 25th August 2011

For and on behalf of the Board of Directors
H . I. DAWOODANI
Chairman

A . H. DAWOODANI
Managing Director

A.R. SOMJEE
Director
PLACE : MUMBAI
DATE : 25th August 2011

<div>LIME CHEMICALS LIMITED</div> <div>SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH,2011</div>		
	As at 31.03.2011	As at 31.03.2010
<u>SCHEDULE 1</u>		
SHARE CAPITAL Authorised 75,00,000 Equity Shares of Rs.10/- each.	75,000,000	75,000,000
Issued and Subscribed : 32,90,276 Equity shares of Rs. 10/- each fully paid up Less : Allotment money / Call in Arrears.	32,902,760 337,255	32,902,760 337,255
TOTAL	32,565,505	32,565,505
<u>SCHEDULE 2</u>		
RESERVES AND SURPLUS		
General Reserve As per last Balance Sheet	51,328,862	51,328,862
Securities Premium Account Balance as per last Balance Sheet	30,581,351	51,328,862
Capital Reserve: Special State Level Capital Incentive received Capital Subsidy on Project Cost Profit on Forfeiture Share	1,700,000 2,786,000 22,225	1,700,000 2,786,000 22,225
TOTAL	86,418,438	86,418,438
<u>SCHEDULE 3</u>		
SECURED LOANS		
1. From Banks		
(a) Term Loan -- BOB	7,042,944	7,042,944
(b) Term Loan -- DCB	18,364,917	19,580,917
(c) Pegasus Assets Reconstructions P Ltd (Indus Ind Bank)	9,707,343	11,807,342
(d) Term Loan -- AXIS (UTI)	60,000,000	60,000,000
(e) Unpaid Interest on Term Loan and Cash Credit	113,968,067	71,130,387
(f) Cash Credit, Packing Credit ,FBP & FCNRB	122,633,072	127,700,566
From Others		
(a) Due to Hire Purchase Vendors	747,076	
TOTAL	332,463,419	297,262,156
<u>Notes:</u> <div> (a) Bank of Baroda (BOB) term loan is secured by way of first charge on pari passu basis on the Company's immovable properties and movable Plant & Machinery both present and future situated at Roha and Paonta factory and is guaranteed by three Directors of the Company </div> <div> (b) Development Credit Bank Ltd (DCB) term loan is secured by way of first charge on pari passu basis on the Company's immovable properties and movable Plant & Machineries both present & future situated at Roha&Paonta factory is guaranteed by three Directors of the Company </div> <div> (c) Indus Ind Bank Loan assigned to the Pegasus Assets Reconstructions P Ltd but charged still with the Indus Ind Bank i.e. Secured by Equitable Mortgage of Company Office Premises at New Delhi. </div>		

LIME CHEMICALS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH,2011

(d) Axis Bank Ltd term loan is secured by way of first charge on pari passu basis on the Company's immovable properties and movable Plant & Machineries both present & future situated at Roha & Paonta factory and is guaranteed by two Directors.

(e) Bank of Baroda(BOB) and Development Credit Bank Ltd(DCB) Working Capital facilities are secured by hypothecation of Stocks and Book debts of the Company and also second charge on pari passu basis of the Company's immovable properties

and movable Plant & Machineries both present and future situated at Roha and Paonta factory and guaranteed by three Directors of the Company.

(f) Hire Purchase vendors have lien on and right of repossession of specific assets. Of the above, Rs. 200 thousand is guaranteed by one of the directors.

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 4		
UNSECURED LOANS		
Fixed Deposits (Due within one year Rs. 7899251/- Previous year Rs. 1912886/-)	13,669,861	14,113,949
Long Term Loans		
(a) From SICOM (Interest free Capital Incentive Loan)	48,670	48,670
(b) From SICOM (Interest free Sales Tax Deferment)	25,540,150	25,540,150
(c) Trade Deposit (Due within one year 'NIL')	400,000	400,000
(d) From Others (Due within one year 'NIL')	26,268,585	11,525,826
(e) From Directors (Due within one year 'NIL')	24,850,031	21,615,007
(f) ICD from Others (Due within one year 'NIL')	1,750,000	1,750,000
	78,857,436	62,764,315
TOTAL	92,527,297	76,878,264
SCHEDULE 5		
DEFERRED TAX LIABILITY		
Deferred tax Liability arising on account of timing difference in:		
Depreciation	20,993,075	7,349,788

SCHEDULE 6

FIXED ASSETS

ASSET DESCRIPTION	ASSET DESCRIPTION				DEPRECIATION				NET BLOCK	
	As on 1.4.2010	Addition	Disposal	As on 31.3.2011	As on 1.4.2010	For the Year	Disposal	As on 31.03.2011	31.03.2011	31.03.2010
Free hold land	7680	0	0	7680	0	0	0	0	7680	7680
Freehold land	1499442	0		1499442					1499442	1499442
Building	40690955	0	0	40690955	14546313	1217463	0	15763776	24927179	26144642
Plant & Machinery	296379398	7805453	0	304184852	175972651	15639976	0	191612627	112572225	120406747
Furniture & Fixture	7279274	900410	0	8179684	5780723	225515	0	6006238	2173446	1498551
Vehicles	8276243	88437	325353	8039327	7548171	300102	152087	7696187	343140	728072
Office Equipments	8351062	391117	0	8742178	6942704	238697	0	7181401	1560777	1408357
Tele Equip (Delhi)	754950	0	0	754950	371714	35860	0	407574	347376	383236
Laboratory	2214312	0	0	2214312	1196260	100766	0	1297026	917286	1018053
Elect. Equipment	7375503	59909	0	7435412	4331802	308766	0	4640568	2794843	3043701
Trucks	6945005	196000	0	7141005	2719342	785480	0	3504822	3636183	4225663
Computer Software	175346	0	0	175346	142219	9321	0	151540	23806	33127
TOTAL	379949170	9441326	325353	389065143	219775955	18879182	152087	238503050	150562093	160173215
Previous year	37844500	1552000	47000	380044000	201029000	18764000	17000	219810000	160174000	177415000
Capital work in progress	1318364	90446	1318364	90446	0	0	0	0	90446	1318364

LIME CHEMICALS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH,2011

	As at 31.03.2011	As at 31.03.2010
<u>SCHEDULE 7</u>		
- INVESTMENT (AT COST) (LONG TERM INVESTMENT)		
1. Trade Investments:		
Quoted		
Fully Paid Equity Shares:-		
8,39,700 (8,39,700) shares of Regent Chemicals Ltd. of Rs. 10/- each	8,280,442	8,280,442
Less: Written off during the year	8,280,441	-
(Note No. 2 of schedule 18).	1	8,280,442
2. Other Investments		
Quoted		
Fully Paid Equity Shares:-		
(a) 60 (Previous year 60) shares of Rs. 10/- each of Reliance Industries Ltd. (Market Value Rs. 62868/-)	1,000	1,000
(b) 6,300 (Previous year 6,300)shares of Rs. 10/- each of Lloyd Finance Ltd. (Market Value Rs. 7686/-)	260,490	260,490
(c) 1200 (Previous year 1200) shares of Development Credit Bank Ltd. Of Rs. 10/- each (Market Value Rs. 55020/-)	74,400	74,400
Partly Paid Equity Shares :-		
5000 (5000) shares of Gold Crest Finance (India) Ltd. of Rs. 10/- each (Rs. 5/- paid up.)	50,000	50,000
Unquoted - Fully paid Equity Shares		
(a) 3,14,750 (3,14,750) shares of Silvo Liacal Chemicals Ltd. Of Rs. 10/- each	3,005,700	3,005,700
(B) 250 (250) shares of Rs. 30/- each of Bombay Mercantile Co-Op. Bank Ltd.	7,500	7,500
	3,399,090	3,399,090
Less : Provision for dimunition in value of Investments	3,309,888	643,290
TOTAL	89,203	11,036,242
<u>SCHEDULE 8</u>		
- INVENTORIES		
Stores and Spare Parts	14,677,506	12,065,989
Stores and Spare Parts In Transit	-	448,442
Raw Material	13,750,383	14,592,378
Raw Material in Transit	25,000	1,513,028
Work in Process	-	962,204
Closing Stock in Trade	794,051	794,051
Finished Goods	2,184,442	23,190,084
Finished Goods Rejected in Transit	-	658,580
TOTAL	31,431,382	54,224,756
<u>SCHEDULE 9</u>		
- SUNDRY DEBTORS (UNSECURED AND CONSIDERED GOOD)		
Debts outstanding for a period exceeding six months	20,605,347	15,982,892
Other Debts	14,829,486	55,078,105
TOTAL	35,434,833	71,060,997

LIME CHEMICALS LIMITED		
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH,2011		
- SCHEDULE 10 -	As at 31.03.2011	As at 31.03.2010
CASH AND BANK BALANCES		
a) Cash on hand	168,783	1,636,606
b) Current Account with Scheduled Banks	902,887	1,971,405
c) Fixed Deposit with Bank	622,697	603,854
d) With others:		
In current account with Pen Co-op. Urban Bank Ltd (maximum amount outstanding at any time during the year Rs 1502.96/- (Previous year Rs.1502.96/-)	-	1,503
TOTAL	1,694,367	4,213,368
SCHEDULE 11		
LOANS AND ADVANCES (Unsecured and considered good)		
Advances recoverable in Cash or in kind or for value to be received	25,641,500	25,476,668
Balance with Central Excise Authorities	1,797,505	2,798,643
Advance Payment of Taxes	186,118	11,129,574
Interest Receivable on Fixed Deposit BOB	5,094	4,455
TOTAL	27,630,217	39,409,341
SCHEDULE 12		
CURRENT LIABILITIES		
Sundry Creditors		
Under MSMED - For Goods	10,498,143	14,150,000
Others - For Goods	56,862,968	76,500,993
For Expenses	23,984,398	29,559,839
Unclaimed Dividend	398,746	398,746
Interest accrued but not due	783,413	784,530
Advance from customers	1,950,717	758,167
Temporary Bank Over Draft	2,849,463	4,967,191
Advance Share Application A/c.	-	20,300
Other Liabilities	72,676,247	65,416,525
TOTAL	170,004,095	192,556,291
SCHEDULE 13		
PROVISIONS		
Provision for Taxation (Net of Advance Tax)	12,721,480	12,721,480
TOTAL	12,721,480	12,721,480

LIME CHEMICALS LIMITED**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH,2011**

	As at 31.03.2011	As at 31.03.2010
<u>SCHEDULE 14</u>		
MISCELLANEOUS EXPENDITURE		
Pref. Issue Expenses	746,329	895,595
Less: Written off during the year	746,329	149,266
	-	746,329
Voluntary Retirement Scheme expenses	8,450,116	10,351,638
Add: During the year	240,000	857,984
	8,690,116	11,209,622
Less: Written off during the year	8,690,116	2,759,506
	-	8,450,116
TOTAL	-	9,196,445
<u>SCHEDULE 15</u>		
- OTHER INCOME		
Dividend	939	828
Interest on Deposits (TDS Rs. 2219/-; Previous year Rs. 17483/-)	22,182	145,068
Exchange Difference	27,018	-
DEPB licence	227,941	221,094
Interest Received on Others (TDS Rs. 10197/-; Previous Year Rs. Nil)	77,145	300,000
Sales of Scrap	977,000	744,684
Sundry Income	64,851	9,210
Credit Balance W/Back	358,182	892,660
TOTAL	1,755,258	2,313,545
<u>SCHEDULE 16</u>		
- Increase / (Decrease) in stocks		
Less:-Closing Stock		
Stock in Trade	794,051	794,051
Finished Goods	2,184,442	23,190,084
Stock in Process	-	658,580
Finished Goods Rejected in Transit	-	962,204
	2,978,493	25,604,919
Less:-Opening Stock		
Stock in Trade	794,051	794,051
Finished Goods	23,190,084	19,308,240
Finished Goods Rejected in Transit	658,580	-
Stock in process	962,204	755,903
	25,604,919	20,858,194
TOTAL	(22626426)	4,746,726

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH,2011		
	As at 31.03.2011	
<u>SCHEDULE 17</u>		
MANUFACTURING AND OTHER EXPENSES		
1. Raw Materials consumed	247,979,700	232,745,643
2. Packing Materials consumed	17,443,168	23,440,938
3. Payments to and Provisions for employees:		
a) Salary, wages, allowances, bonus and gratuity	40,218,695	41,588,913
b) Contribution to Provident and other Funds	2,329,248	2,149,518
c) Employees' Welfare and other Amenities	1,205,172	1,367,765
	45,753,115	45,106,197
4. Operating and other expenses		
a) Stores and spare parts consumed	9,070,249	13,445,520
b) Electricity, power, Fuel and water	37,026,607	88,674,030
c) Labour charges	11,116,896	14,104,280
d) Repairs to Building	134,989	53,352
e) Repairs to Plant & Machinery	2,895,128	4,094,093
f) Repairs to others	319,590	601,404
g) Rent	1,050,310	809,239
h) Rates and taxes	818,955	599,842
l) Insurance	547,964	622,731
j) Travelling, Conveyance and Vehicle expenses	8,773,048	8,118,133
k) Printing & Stationery, Postage, Telephone expenses	2,538,469	2,543,649
l) Loss on Assets Sold	84,378	7,002
m) Selling & Distribution Expenses	6,838,742	5,875,893
n) Service Tax GTA I/W Trpt (ACC)	92,297	143,930
o) Donations	131,858	75,858
p) Service Tax -GTA - O/w Trpt	764,663	775,325
q) Lime Stone Cess	3,288	9,991
qr Irrecoverable Debtors / Advances w. Off.	-	2,423,688
s) Sales Tax Paid	-	1,987
t) Penalty / Late Payment Charges	4,000	10,323
u) Miscellaneous Expenses	9,468,052	10,114,971
v) Investments written off	8,280,441	-
w) Provision for diminution in value of investment	2,666,598	-
	102,626,522	153,105,241
TOTAL	411,802,506	454,398,020
<u>SCHEDULE 18</u>		
INTEREST		
a) On Fixed Deposits	1,381,049	1,180,671
b) On Term Loans from Bank, Financial Institution & Others	19,133,468	15,604,376
c) On Cash Credit Accounts, Loan etc.	28,262,368	28,435,264
TOTAL	48,776,884	45,220,311
<u>SCHEDULE 19</u>		
- PRIOR PERIOD ADJUSTMENTS (NET)		
a) Provision for Gratuity for earlier years	1,077,923	-
b) Provision for Leave Encashment for earlier years	1,450,710	-
c) Previous Year Excise duty on Stock Written Back	-	
d) Income Tax Adjustments for earlier years	941,480	
e) Others	-	
TOTAL	3,470,113	

SCHEDULE: 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

I. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation of financial statements:

The financial statements have been prepared on the basis of historical cost convention in accordance with generally accepted accounting principles and comply with the accounting standard issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956, adopted consistently by the Company. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except for insignificant value.

b) Use of Estimates :

The presentation of financial statements is in conformity with the generally accepted accounting principles requiring estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

c) Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction including attributable interest and financial cost till the date of acquisition /installation of the Assets and improvement thereon (net of Modvat / Cenvat.) less accumulated depreciation.

d) Intangible Assets:

Intangible Assets are stated at cost of acquisition less accumulated amortization. Computer Software is amortized over a period of 5 years on straight line basis.

e) Investments:

Investments intended to be held for more than one year are classified as long term investments and are carried at cost of acquisition inclusive of other attributable expenses. Diminution in the value of such investments is written off / provided for, as the case may be if such diminution is of other than temporary nature. Current Investments are carried at lower of cost or net realizable value.

f) Inventories:

Inventories are valued at cost or net realizable value whichever is less. Cost is determined by using the FIFO formula. By-products are valued at net realizable value. Cost comprises all cost of purchase, cost of conversion, and cost incurred to bring inventories to present location and condition. Finished goods are valued based on work certified.

g) Provisions, Contingent Liabilities and Contingent Assets:

Provision are recognized for liabilities that can be measured only by using substantial degree of estimation, if

- a. The Company has a present obligation as a result of past event.
- b. A probable outflow of resources is expected to settle the obligation, and
- c. The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of the expenditure required to settle a provision is recognized only when it is virtually certain that reimbursement will be received.

Contingent Liability is disclosed in the case of:

- a. A present obligation arises from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
- b. A present obligation when no reliable estimate is possible, and
- c. A possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognized, nor disclosed. Provision, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

h) Sales / Turnover:

Sales / Turnover (Gross) includes Central excise duty but excludes transport, octroi and sales tax etc. Inter divisional transfers and branch transfers are treated as sales when actual sales take place on delivery of goods to customers. Excise Duty on sales is shown as a deduction from sales.

i) Revenue Recognition:

In appropriate circumstances, revenue (income) is recognized when no significant uncertainty as to measurability or collectability exists.

Export benefits are accounted when realized / received.

Dividend income is recognized when right to receive is established.

j) Retirement Benefits:

- a. The Company's contribution to Provident fund is charged to the Profit and Loss Account
- b. Leave encashment benefit at the time of retirement/cessation of service as calculated on the estimated basis, is charged to the Profit and Loss Account. Till Financial year 2009-10, the Leave encashment provision was not made in the books of Accounts and it was the practice of the company to account for the same on Cash basis, however from the Current Financial year 2010-11, as a change in accounting policy, the same has been accounted on the estimated basis in the Books of accounts taking into consideration the accumulated

leave balance of the eligible employees as on 31st March, 2011, and the same is taken as a base for working out the requisite liability along with the basic salary as on that date.

- c. The Gratuity liability, which is a defined benefit plan, is provided on the basis of actuarial valuation as on balance sheet date and same is unfunded. No Actuarial valuation was carried out by the company till financial year 2009-10 and till that Financial Year the Gratuity was accounted for on Cash Basis. However, as a change in the accounting policy, from the Current financial year i.e. 2010- 11, the same is accounted on the basis of Actuarial valuation.
- k) Depreciation:
1. At Roha factory:-
 - (a) Depreciation in respect of fixed assets installed on or before 30.6.1982 has been provided on written down value basis as per the provisions of Section 205(2) (a) of the Companies Act, 1956 at the rates specified in schedule XIV of the Companies Act, 1956.
 - (b) Depreciation in respect of assets acquired after 30.6.1982 has been provided as under:
 - (i) On plant and machinery on straight line basis as per provisions of Section 205(2)(b) of the Companies Act, 1956 at the rates specified in Schedule XIV of the Companies Act, 1956.
 - (ii) On other assets acquired during 1.7.1982 to 30.6.1986 on written down value basis as per the provisions of Section 205(2) (a) of the Companies Act, 1956 at the rates specified in schedule XIV of the Companies Act, 1956.
 - (iii) On other assets acquired since 1.7.1986 on straight line basis as per note (i) above.
 - (c) Depreciation in respect of assets acquired / purchased during the year has been provided on pro-rata basis according to the period such asset was put to use.
 2. At Paonta factory:-

Depreciation has been provided under 'Straight Line Method' as per rates specified in schedule XIV to the Companies Act, 1956.
 3. Leasehold land taken over on amalgamation is amortized over the balance period of lease.
- l) Foreign Currency Transactions:
Foreign currency transactions are recorded at original rate of exchange in force at the time of occurrence of transactions. Exchange difference on settlement / translation of monetary assets and liabilities at closing rates are recognized in Profit and Loss account, except in case where they relate to acquisition of non monetary assets in which case they are adjusted in carrying cost of such assets.
- m) Borrowing Cost:
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.
- n) Leases:
The assets taken on lease prior to April 1, 2001 have been accounted as per the 'Guidance Note on Accounting for Leases' issued by the Institute of Chartered Accountants of India, in 1995.
Assets taken as finance lease on or after 1st April'2001, is capitalized as fixed assets at lower of fair value of the assets and present value of minimum lease rentals. The principal components in the lease rental are adjusted against the lease liability and the interest components are charged to profit and loss account.
- o) Earnings per share :
The Company reports basic earnings per share in accordance with the Accounting Standard 20 'Earnings per share' issued by the Institute of Chartered Accountants of India. Basic earnings per share is computed by dividing the net profit or loss attributable to the equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.
- p) Taxes on Income:
Current tax is determined as the tax payable in respect of taxable income of the year, in accordance with the provisions of The Income Tax Act, 1961.
- Deferred Tax for the year is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward only if there is a reasonable / virtual certainty of its realization.

II NOTES TO ACCOUNTS:

1. a) Contingent Liability not provided for in respect of :
 - (i) Uncalled liability on shares of Rs.150 thousand (Previous year Rs.150 thousand)
 - (ii) Income Tax demand for AY 1994-95 and AY 1997-98 Rs. 2486 thousand (Previous year Rs. 2486 thousand) is disputed and appeal filed in High Court.
 - (iii) Income Tax Demand For A.Y. 2005-06 of Rs. 6410 thousand (Previous year Rs. 6410 thousand) is disputed and appeal filed in Tribunal.
 - (iv) Corporate Guarantee given to ICICI Bank on behalf of Himachal Polylefins Ltd. US \$ 2.20 million equivalent to approx Rs 98230 thousand (Previous year Rs. 102000 thousand).

- (v) Bombay Sales Tax and Central Sales Tax Demand for F.Y. 2004-05 of Rs. 9134 thousand (Previous year Rs. NIL thousand) is disputed and appeal filed in Tribunal.
2. (A) The Company has an investment of 839,700 shares of Regent Chemicals Ltd. (RCL) of Rs. 10/- each acquired at a aggregate cost of Rs. 8280 thousand (market value Rs. 1679 thousand as at 15.09.2004 being the last traded date) .RCL has incurred substantial losses as of the balance Sheet date i.e. 31st March, 2011, as compared to its paid up Capital and Reserves. RCL has shut down its manufacturing operation in May 1993. In view of the above, the said investment has been write off from the books of accounts during the current year and shown at the nominal cost of Re1/- as on 31st March, 2011.
- (B) In respect of Investment in M/s Lloyd Finance Limited – Rs 260 thousand (6300 equity shares of Rs. 10/ each), the provision has been made in the books towards diminution in the value of investment of Rs. 254 thousand and the investment is valued at Rs 6.3 thousand as on 31st March, 2011.
- (C) The company has an investment in M/s Gold Crest finance limited Rs 50 thousand (5000 equity shares of Rs 10/- each, partially paid Rs 5/- per shares). Since long time, the said investment remained to be partially paid till date, in spite of the fact that the balance amount of Rs 5/- per share had been called by the said Company and as such , the investment might have been forfeited by the said company. In line with the same the diminution in the said Investment to the tune of Rs 49.9 thousand has been made in the books of accounts and shown at the nominal cost of Re1/- as on 31st March, 2011.
- D) The Company has an investment of 3, 14,750 shares of Silvo Lical Chemicals Ltd. (SLCL) of Rs. 10/- each acquired at a aggregate cost of Rs. 3006 thousand .These shares pertains to one of the group Companies and the said Company (SLCL) has incurred substantial losses as of the balance Sheet date i.e 31st March, 2011, as compared to its paid up Capital and Reserves. In view of the above a provision for diminution in the value of the said investment has been made in the books of accounts during this year of Rs 3006 thousand and shown at the nominal cost of Re1/- as on 31st March, 2011. None of the above investments are available for physical verification.
3. Sundry Debtors considered good include Rs.10121 thousand (Previous year Rs. 5917 thousand) which is outstanding for more than 3 years. In some of the cases some recoveries have been made during the year ; the company is following up and expects to recover the balance.
4. The overdue statutory dues are as follows: - (Rs. In '000')

	31.03.2011	31.03.2010
Staff Profession Tax	946	838
Provident Fund	399	3604
Employees State Insurance Scheme	246	686
Sales Tax Payable	19697	20597
Central Sales Tax Payable	13440	14824
Income Tax	2684	1609
Total	37412	41158

5. The Company has identified Micro, Small and Medium undertakings on the basis of information available. As at 31st March,2011 there are no dues outstanding for more than 45 days and exceeding Rs.100,000/- to Micro, Small and Medium Enterprises that are reportable under Micro, Small and Medium Enterprises Development Act, 2006. Sundry Creditors include Rs. 10498 thousand (Previous year Rs. 14150 thousand) due to small scale undertakings.
6. (a) Depreciation in respect of fixed assets is provided on written down value basis and on straight line basis as per provisions under Section 205(2) of the Companies Act, 1956 at the rates specified in the Schedule XIV of the said Act.
- (b) Depreciation in respect of assets acquired / purchased during the year has been provided on prorata basis according to the period such asset was put to use.
7. Company has the accumulated losses and unabsorbed depreciation as on 31-3-2011. Also, the Company has registered itself under BIFR. Considering the same and in the absence of Virtual certainty about future profit earning, no provision for Deferred tax asset is made in the books as per AS 22- 'Taxes on Income'. No provision for Income tax is made because of losses and Company being registered with BIFR as a sick Company.
8. The company is engaged in manufacturing of Calcium Carbonate which is considered the only reportable business segment, as per Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India hence segment reporting is not given.
9. Related party disclosure as required by Accounting Standard 18 "Related Party Disclosures" are given below:
- a) Name of related party's and description of relationship:
- 1) Associates:
- Silvo Liacal Chemicals Limited
 - Diamond Jubilee Stores
 - Pearl Enterprises
 - Himachal Polylefins Ltd.
 - Sahid Investment & Trading Company Pvt Ltd

- 2) Key Managerial Personnel:
 Shri. H.I.Dawoodani
 Shri. A.H.Dawoodani
- 3) Relative of Key Managerial Personnel:
 Smt. S. A. Dawoodani (Wife of Shri A. H. Dawoodani)
 Shri Rahim A. Dawoodani (Son of Shri A.H. Dawoodani)
 Miss. Zahara A. Dawoodani (Daughter of Shri A.H. Dawoodani)

b) The following transactions were carried out with the related parties in the ordinary course of business:
 (Rupees in Thousand)

Nature of Transaction	Silvo Liacal Chemicals Limited (Associates)	Other Associates	Key Management personnel	Relatives of Key Management Personnel	Total
Purchases of Goods	---- (----)	37931 (1265)	-----	----	37931 (1265)
Sale of Goods	----	1437 (727)	-----	----	1437 (727)
Rent paid		360 (492)	---- (----)	----	360 (492)
Interest received	---- ----				---- ----
Investments					
Opening balance	3006 (3006)				3006 (3006)
Purchases	----- (-----)				----- (-----)
Closing balance	----- (3006)				----- (3006)
Loans Given					
Opening Balance		276 (50)			276 (50)
Add Given during the year		----- (226)			----- (226)
Less Repaid during the year		276 (-----)			276 (-----)
Closing Balance		----- (276)			----- (276)
Loans Given					
Opening Balance	----- (-----)		21615 (21615)	----- (-----)	21615 (21615)
Add Given during the year	561 (-----)		16459 (-----)	18958 (-----)	35975 (-----)
Less Repaid during the year	5 (-----)		11804 (-----)	3785 (-----)	15594 (-----)
Closing Balance	556 (-----)		26269 (21615)	15173 (-----)	41998 (21615)
Finance(including equity contribution)		-----	----- (2082)	----	----- (2082)
Remuneration		-----	3252 (3252)	1153 (1402)	4405 (4654)
Rent Deposit Given					
Opening Balance		2600 (2600)			2600 (2600)
Less : Refunded during the year		----- (-----)			----- (----
Add: Given during the year		(-----)			(---)
Closing Balance		2600 (2600)			2600 (2600)

Note: Figures in brackets represents previous year’s amount

10. Earnings per share:

The earnings per share, computed as per the requirements under Accounting Standard 20 on Earnings per Share (EPS) issued by The Institute of Chartered Accountants of India, is as Basic and Diluted EPS	31.3.2011	31.3.2010
Net Profit / (Loss) attributable to equity shareholders (Rs. thousand)	(135604)	(56826)
Weighted average number of shares (in no's)		
Outstanding Shares as at year end	32,90,276	32,90,276
Less : Proportionate no. of shares on which allotment / call money are in arrears		33,726
Weighted average no.of shares for basic EPS	33,726	32,56,550
	32,56,550	
Basic and Diluted EPS (Rs.)	(41.64)	(17.45)
Face Value of Equity Shares	Rs. 10/-	Rs. 10/-

11. Managerial Remuneration under section 198 of the Companies Act, 1956:

	31.3.2011	31.3.2010
Managing Director	Rs. in thousand	Rs.in thousand
1) Salaries	3000	3000
2) Company's contribution towards P.F and other Funds	252	252
Total	3252	3252

12. Computation of net profit under Section 349 of Companies Act, 1956 is not furnished as no commission is payable to the Managing Director.

13. Payment to Auditors:	31.3.2011	31.3.2010
	Rs. in thousand	Rs. in thousand
a) As audit fees	138	138
b) As advisor or in any other capacity in respect of		
(i) Taxation matters	---	--
(ii) Other services *	50	6
c) Tax audit fees	50	30
d) As expenses	4	6
	254	180
	=====	=====

* Other services include certification work and limited review of accounts.

14. Details of future obligations towards lease rentals:

Rs. in thousands						
DUE	Total Lease Payments Outstanding		Future Interest on outstanding		Present Value of Minimum Lease Payments	
	2010-2011	2009-10	2010-2011	2009-2010	2010-2011	2009-2010
Within one year	518	1345	50	181	468	1164
Later than one year and not later than five years	154	672	8	58	146	614
Later than five years		-		-		-
Total	672	2017	58	239	614	1778

Lease rentals pertain to Vehicles and Plant & Machinery and are charged on the basis of terms.

15. Additional information pursuant to paragraphs 3,4C and 4D Of part II of schedule VI to the Companies Act, 1956.

	Unit	31.03.2011	31.03.2010
a) Licensed capacity annually calcium carbonate	M.T	N.A	N.A
b) Installed capacity annually (as certified by the management) Calcium Carbonate	MT	81000.00	81000.00
c) Actual production during the period* # Calcium Carbonate	M.T	37838.35	49828.35

d) Actual production during the period* # Calcium Carbonate	M.T		M.T	
Opening Stock	2415.71	23190	2064.76	19308
Calcium Carbonate				
Closing Stock	202.215	2184	2415.71	23190
Calcium Carbonate				
e) Turnover				
Calcium Carbonate*	40051.845	387956	49477.40	457881
Others		2363		227
		390319		458108

* Actual production and turnover includes reprocessed goods of 372.75 MT.(Previous-year 270.00 MT)
Include semi finished goods processed 4136.77 MT (Previous year 933.500 MT).

	31.3.2011		31.3.2010	
	Qty(Mt)	Value (Rs. In thousand)	Qty(Mt)	Value(Rs. In thousand)
f) Raw Materials Consumed				
Lime stone	21461.03	25109.77	41562.28	45028.28
Calcite Powder	13925.18	43618.50	---	---
Coke & Charcoal	6118.37	70176.20	11442.81	104988.56
Stearic Acid	346.03	17183.61	490.74	22002.65
Others		91891.62		60725.32
		247979.70		232744.81
	31.3.2011		31.3.2010	
	Qty(Mt)	Value (Rs. In thousand)	Qty(Mt)	Value(Rs. In thousand)
g) Goods traded				
Opening Stock	-----	794	-----	794
Purchases	-----	-----	-----	-----
Calcium Carbonate	-----	-----	-----	-----
Others	-----	-----	-----	-----
Closing Stock		794		794

h) Earnings in Foreign Currency (On accrual basis)	31.3.2011	31.3.2010
	Rs. In thousand	Rs. In thousand
FOB value of exports	16060	13235

	31.3.2011		31.3.2010	
i) Value of Raw Materials consumed	Rs. In thousand	% of total consumption	Rs. In thousand	% of total consumption
i) Imported	0	0	0	0
ii) Indigenous	235013.70	100.00	232744.81	100.00
Total	235013.70	100.00	232744.81	100.00

	31.3.2011		31.3.2010	
j) Value of Stores and Spare Parts consumed	Rs. In thousand	% of total consumption	Rs. In thousand	% of total consumption
i) Imported	0	0	0	0
ii) Indigenous	12966	100.00	13890	100.00
Total	12966	100.00	13890	100.00

k) Expenditure in Foreign Currency (On accrual basis)	31.3.2011	31.3.2010
	Rs. In thousand	Rs. In thousand
Travelling	0	0
Traded Goods	0	0

l) Value of Imports calculated on C.I.F basis in respect of	31.3.2011	31.3.2010
	Rs. In thousand	Rs. In thousand
Stearic Acid (Raw Material	0	0
Cal. Carbonate (Semi Finished	0	0

16. **Defined Benefit Plans**

The employee's Gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

a) **Reconciliation of opening and closing balances of defined benefit obligation Gratuity**

	Gratuity (Un-funded)	
	2010-11	2009-10
Defined Benefit obligation at beginning of year	1077923	0
Current Service Cost	204692	112262
Interest Cost	86234	0
Past Service Cost – Vested Benefits	770434	0
Actuarial (gain)/loss on obligation	(172014)	965661
Benefit Paid	0	0
Defined Benefit obligation at year end	1967269	1077923

b) **Reconciliation of fair value of assets and obligations**

	Gratuity (Un-funded)	
	2010-11	2009-10
Fair value of Plan Assets	0	0
Present value of obligation	1967269	1077923
Amount recognized in Balance sheet	250,514	762,571

c) **Expenses recognized during the year**

	Gratuity (Un-funded)	
	2010-11	2009-10
Current Service Cost	204692	112262
Interest Cost	86234	0
Expected Return on Plan Assets	0	0
Actuarial (Gain)/Loss	(172014)	965661
Net Cost	889346	1077623

d) **Actuarial Assumptions**

	Gratuity (Un-funded)	
	2010-11	2009-10
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	10.00%	10.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

17. a) Out of the Total Gratuity Provision of Rs 1967 thousand computed as per actuarial valuation, a sum of Rs 1078 thousand has been provided up to the Financial Year 2009-10 as Prior Period Adjustment and a sum of Rs 889 thousand is charged to Profit & Loss Account towards Current year Gratuity Liability.
- b) Out of the Total Leave Encashment Provision of Rs 1932 thousand, a Provision of Rs.1451 thousand has been provided up to the Financial Year 2009-10 as Prior Period Adjustment and a sum of Rs 481 thousand is charged to Profit & Loss Account towards Current year Leave Encashment Liability.
18. According to information and explanation given to us a fraud of Rs. 2288 thousand committed by an employee was noticed and reported during the financial year 2006-07. The Company is taking proper steps for recovery of the said amount.

19. The Company has received the demand notices for A.Y. 2006-07 from the Income Tax authorities for Income tax and fringe benefit tax inclusive of interest for Rs.5273 thousand and Rs.454 thousand respectively. Company had Rs 457 thousand net provisions standing in the books against the Mat Liability for AY 2006-07. Company has filed rectification application to Income Tax Department for non allowance of carry forward losses as it was allowed to the Company vide ITAT order dated 21.11.08 i.r.o. AY 2002-03. Considering the above, the Management is of the opinion that no further provision need to be made in these respect.
20. As on 31.3.2011, Mr Husain I Dawoodani (Chairman) is disqualified to be appointed as a director of the Company in terms of provision of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956. Further, Mr Ahmed H Dawoodani (Managing Director) is disqualified to be appointed as a director of any other Company in terms of provision of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
21. During the year, Company has written off entire deferred revenue expenditure amounting to Rs 9436 thousand which includes Preference share issue expenses Rs 746 thousand and voluntary retirement scheme expenses Rs 8690 thousand as required under Accounting Standard 26 'Intangible Asset' issued by the Institute of Chartered Accountants of India.
22. The Balances of Sundry Debtors, Loans and Advances, Secured Loan, Unsecured Loan, Current Liabilities and Provisions are subject to confirmation, reconciliation & adjustment if any .The Management is of the opinion that such adjustment will not have a material effect in the account.
23. Calls in Arrears of Rs.337255/- under the head Share Capital of Schedule 1 pertains to financial year 2004-05
24. Deposits u/s 58A outstanding as on 31.3.2011 are Rs 13669 thousand, of which Rs 7899 thousand are due within one year.
25. Vide order issued by the Board for Industrial and Financial Reconstruction (BIFR) on 23.03.2010 the company has been declared a sick industrial company. As directed by BIFR the company is in the process of framing fully tied up Draft Rehabilitation Scheme (DRS) for submission to Bank of Baroda, the Operating Agency (O.A.) appointed by BIFR in this regard.
26. The Company has not appointed full time Company Secretary during the year. Consequent to above accounts are not signed by Company Secretary.
27. Previous year's figures have been regrouped wherever necessary to correspond to the figures of current year.

Signatures to the Schedules 1 to 20

As per our attached Report of even date
For Chokshi and Chokshi
Chartered Accountants
Firm Registration No: 101872W

Dilip Parikh
Partner
Membership No. : 35305

Place : Mumbai
Dated : 25th August 2011

For and on behalf of the Board of Directors of
Lime Chemicals Limited

H. I. DAWOODANI A. H. DAWOODANI A R SOMJEE
(Chairman) (Managing Director) (Director)

Place : Mumbai
Dated : 25th August 2011

LIME CHEMICALS LIMITED

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE.

I. Registration Details

Registration No. 14842 State Code 11

Balance Sheet Date 31-03-2011

II. Capital Raised During the Period 31-03-2011 (Amount Rs. In thousand)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount Rs. In thousand)

Total Liabilities	564968	Total Assets	564968
Sources of Funds			
Paid-up capital	32566	Application Money	Nil
Secured Loans	332464	Reserves & Surplus	86418
Unsecured Loans	92527	Deferred Tax Liability(net)	20993
Application of funds:			
Net Fixed Assets	150653	Investments	89
Net Current Assets	(76497)	Misc. expenditure	0
Profit & Loss Account	(490724)		

IV. Performance of Company (Amount Rs. In thousand)

Turnover (Gross Revenue)	392074	Total Expenditure	511521
Profit before tax & prior year adjustment	(118491)	Profit after tax & prior year adjustment	(132134)
Earning per share	Rs. (41.21)	Dividend %	0

V. Generic Name of Principal Product of Company (as per monetary terms)

Item Code No. (ITC Code)	283650	Product Description	Calcium Carbonate
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For Chokshi and Chokshi
Chartered Accountants
Firm Registration No: 101872W

Dilip Parikh
Partner
Membership No. : 35305

Place : Mumbai
Dated : 25th August 2011

For and on behalf of the Board of Directors of
Lime Chemicals Limited

H. I. DAWOODANI A. H. DAWOODANI A R SOMJEE
(Chairman) (Managing Director) (Director)

Place : Mumbai
Dated : 25th August 2011

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

(Rs. In Thousand)

A	Cash Flow From Operating Activities :	31/03/2011		31/03/2010	
	Net Profit before tax and Extraordinary items		(118,491)		(57,447)
	Adjustments for :				
	Depreciation	18,879		18,764	
	Investment written off/provided for	10,947		--	
	Loss/(Profit) on sale of Assets	84		7	
	Miscellaneous expenditure written off	9,196		2,051	
	Interest on borrowings	48,777		45,220	
	Interest Income	(22)		(145)	
	Dividend Income	(1)		(1)	
			87,861		65,896
	Cash Flow from Operations before working capital changes		(30,630)		8,449
	Adjustments for working capital changes:				
	(Increase)/Decrease in Inventories	22,793		(5,638)	
	(Increase)/Decrease in Sundry Creditors	35,626		498	
	(Increase)/Decrease in Loans and Advances	11,779		(6,913)	
	Increase/(Decrease) in Current Liabilities	(22,552)		(1,424)	
	Increase/(Decrease) in Provisions	(10,037)		11,112	
	Net Cash from Operating Activities		37,609		2,365
	Cash Flow from Extra Ordinary Activities		6,979		6,084
	Prior period expenses (net)		(3,470)		621
	Cash Generated from Operations		3,509		6,705
	Less: Taxes paid		--		--
	Net Cash Flow from Operating ActivitiesA		3,509		6,705
B	Cash Flow from Investing Activities				
	Purchase of Fixed Assets/ Capital work in progress	(8,213)		(2,342)	
	Sale of Fixed Assets	89		23	
	Interest Income	22		145	
	Dividend Income	1		1	
	Net Cash Used in Investing ActivitiesB		(8,101)		(2,173)
C.	Cash Flow Financing Activities				
	Interest on borrowings	(48,777)		(45,220)	
	Proceeds from borrowings	50,850		42,739	
	Net Cash from Financing Activities..... C		2,073		(2,481)
	Net Increase/(Decrease) in Cash & Cash equivalents (A+B+C)		(2,519)		2,051
	Cash & Cash equivalents as at beginning of the Year		4,213		2,162
	Cash & Cash equivalents as at the end of the Year		1,694		4,213

Note: The above Cash Flow Statement has been prepared under the "Indirect Method"as set out in AS-3 - 'Cash Flow Statements' issued by ICAI.

As per our Attached Report of even date

For Chokshi & Chokshi
Chartered Accountants

Firm No. : 101872W

Dilip Parikh
Partnetr
Membership No. 35305
PLACE: Mumbai
DATE : 25th August 2011

For and on behalf of the Board of Directors

H. I. DAWOODANI A H DAWOODANI
(Chairman) (Managing Director)

A.R. SOMJEE
Director

PLACE: Mumbai
DATE : 25th August 2011

LIME CHEMICALS LIMITED

Registered Office : 10, Light House Building, Ground Floor, Sitafalwadi, Mazgaon, Mumbai – 400 010

FORM OF PROXY

Reg Folio No./ Client ID No.:

I / We _____ of _____ being a member /

members of LIME CHEMICALS LIMITED hereby appoint _____ of

_____ or failing him _____ of _____ as my / our proxy to vote for me / us
and on my / our behalf at the 41st Annual General Meeting of the Company to be held on Friday, the 30th September, 2011.

Affix One
Rupee
revenue
Stamp

Signed this _____ day of _____ 2011.

NOTE: The Proxy and the Power of Attorney (if any) under which it is signed or a notary certified copy of the Power of Attorney must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid Meeting.

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LIME CHEMICALS LIMITED

Registered Office : 10, Light House Building, Ground Floor, Sitafalwadi, Mazgaon, Mumbai – 400 010

ADMISSION SLIP

Full name of the Shareholder
(In block letters) _____

Ledger Folio No. / Client ID No. _____ No. of shares held _____

Name of Proxy
(In block letters) _____

I hereby record my presence at the 41st Annual General Meeting of the Company to be held at the Registered Office at Light House Building, Ground Floor, Sitafalwadi, Mazgaon, Mumbai – 400 010 on 30th September, 2011 at 10.00 a.m.

Member / Proxy signature

BOOK – POST

If undelivered please return to :

LIME CHEMICALS LIMITED
LIGHT HOUSE BUILDING, GROUND FLOOR
SITAFALWADI, MAZGAON
MUMBAI – 400 010

