

**10TH
ANNUAL
REPORT
1996-97**

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**SHREE HARI CHEMICALS
EXPORT LIMITED**

SHREE HARI CHEMICALS EXPORT LTD.

SHREE HARI CHEMICALS EXPORT LIMITED

BOARD OF DIRECTORS :

Shri B. C. Agrawal	<i>Managing Director</i>
Shri K. C. Ramuka	<i>Joint Managing Director</i>
Shri Purshottam Sharma	<i>Whole Time Director</i>
Shri A. N. Desai	<i>Nominee of SICOM Ltd.</i>
Shri A. B. Aradhye	<i>Director</i>

BANKERS

State Bank of India
Backbay Reclamation Br.
Mumbai - 400 021.

AUDITORS

Kailash Chand Jain & Co.
Chartered Accountants
Mumbai.

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REGD. OFFICE & WORKS

A/8, M.I.D.C. Indl. Area,
Mahad, Dist. Raigad (Maharashtra)

REGISTRAR & SHARE TRANSFER AGENTS

Nipar Financial Services (P) Ltd.
5, Santosh, Plot No. 83, Suvamapuri,
Jetalpur Road, Baroda 390 005

10th ANNUAL REPORT**NOTICE**

The TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF **SHREE HARI CHEMICALS EXPORT LIMITED** will be held on Saturday, The 13th September, 1997 at 11.00 A.M. at A/8, M.I.D.C. MAHAD, Dist. Raigad (Maharashtra) to transact the following business :-

1. To receive and adopt audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date and Directors Report & Auditors Report there on.
2. To appoint a Director in place of Mr. K.C. Ramuaka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A.B. Aradhya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.
5. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution :

"RESOLVED that pursuant to the provisions of Sec. 269, 309, 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Bankesh Chandra Agrawal, as Managing Director of the Company for a period of 5 years with effect from 10th October, 1997 and to his receiving remuneration, benefits and amenities and upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Bankesh Chandra Agrawal, a draft whereof is placed before the meeting and for purposes of identification, is initialled by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Bankesh Chandra Agrawal provided however that the remuneration payable to Mr. Bankesh Chandra Agrawal shall not exceed the maximum limits for payments of managerial remuneration in accordance with the laws, policies, rules, regulation or guidelines in force from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary steps for the aforesaid purpose and matters incidental thereto."

6. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution :

"RESOLVED that pursuant to the provisions of Sec. 269, 309, 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Kailash Chandra Ramuka, as Joint Managing Director of the Company for a period of 5 years with effect from 10th October, 1997 and to his receiving remuneration, benefits and amenities and upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Kailash Chandra Ramuka, a draft whereof is placed before the meeting and for purposes of identification, is initialled by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between

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the Board of Directors and Mr. Kailash Chandra Ramuka provided however that the remuneration payable to Mr. Kailash Chandra Ramuka shall not exceed the maximum limits for payments of managerial remuneration in accordance with the laws, policies, rules, regulation or guidelines in force from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary steps for the aforesaid purpose and matters incidental thereto."

7. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution :

"RESOLVED that pursuant to the provisions of Sec. 269, 309, 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Purusottam Sharma, as whole time Director of the Company for a period of 5 years with effect from 10th October, 1997 and to his receiving remuneration, benefits and amenities and upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Purusottam Sharma, a draft whereof is placed before the meeting and for purposes of identification, is initialled by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Purusottam Sharma provided however that the remuneration payable to Mr. Purusottam Sharma shall not exceed the maximum limits for payments of managerial remuneration in accordance with the laws, policies, rules, regulation or guidelines in force from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary steps for the aforesaid purpose and matters incidental thereto."

8. To consider and if thought fit to pass with or without modification to following resolution as an special resolution.

RESOLVED that subject to the applicable provisions of the Companies Act, 1956 and including any statutory modification and on re-enactment there at from time to time and subject to such approvals, permissions and sanction as may be necessary and subject to such stipulations and modifications as may be prescribed or imposed at the time of granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company (Board) the consent of the Company be and is hereby accorded to the Board of Directors to acquire and/or purchase any of its own fully/party paid shares, debentures and any such other securities on such terms and condition and upto such limits as may be prescribed or permitted by law from time to time provided further that the acquisition and or purchase of such fully or partly paid-up shares, debentures and such other securities of the Company shall not be construed as reduction of capital, which is subject to controls contained in Sections 100 to 104 and 402 of the Companies Act, 1956 for the time being in force and that the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary and proper in order to give effect to this resolution".

9. To consider and if thought fit to pass with or without modification the following resolution as a special resolution :

RESOLVED that pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be altered by addition of Articles 5A and 10A as follows :

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- (i) 5A In the event it is permitted by law to issue shares with non voting rights attached to them, the Board may issue such shares upon such terms and conditions as thought fit and with such rights and privileges is annexed there to as may be permitted by law.
- (ii) 10A Notwithstanding any thing contained in the preceding Article 10 subject to the provisions of the law as may be in force at any time and from time to time, the Company shall have the right to acquire, purchase hold, resell any its own shares either equity or any other kind and make payments for and in respect of such acquisition/ purchase in such manner on such terms and conditions and at such time as the Board in its discretion think fit."

NOTES :-

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER..
- b) The Register of members and share transfer books of the Company will remain closed from 10th September 1997 to 13th September 1997 (Both days inclusive).
- c) Members are requested to notify immediately any changes in their addresses to the Company's Registrar and Share transfer Agents.
- d) The explanatry statement pursuant to sec. 173 of the Companies act, 1956 is annexed.
- e) Members attending the meeting are requested to bring their copy of Annual Report.

By order of the Board
(B.C. AGRAWAL)
 Managing Director

Mumbai, 13th August, 1997.

EXPLANATORY STATEMENT**(PURSUANT OF SECTION D3 OF THE COMAPNIES ACT, 1956)**

Item Nos. 5, 6 and 7

The Managing Director Mr. Bankesh Chand Agarwal, Mr. Kailash Chandra Ramuka, Joint Managing and Mr. Purusotham Sharma whole Time Director were appointed for 5 years with effect from 10th October, 1992 on the terms and conditions and remuneration as approved by members and the Central Government. The term of the said Managing Director, Jt. Managing Director and whole time Director would expire on 9th Oct. 1997. The Board has decided to appoint the siad Directors for a further period of 5 years with effect from with 10th Oct. 1997.

- 1. Period :** 5 years from 10th Oct, 1997.
- 2. Nature of Duties :** The Managing Director, the Jt. Mg. Director and the Whole Time Director shall devote whole time and attention to the business of the Company. They shall have control of and full executive responsibility for the general conduct and management of the business and affairs fo the Company. They shall exercise all such powers as may be granted and entrusted to or required by them for the proper discharge of their duties. They shall at all times

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be subject to the superintendence, control and direction of the Board of Directors.

3. Remuneration : The Directors shall be entitled to the following emoluments, benefits and perquisites during the period of their employment subject to the ceiling limits laid down in Section 198, Section 309 and Schedule XIII of the Companies Act, 1956.

(1) **Salary :** Rs.25,000/- per month.

(2) **Commission :** Commission will be allowed in addition to salary and perquisites, the amount of which, based on the net profits of the Company in a particular year, shall be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956. The amount of commission for each financial year or part thereof will be decided by the Board of Directors from time to time in its absolute discretion but shall not exceed an amount equal to the salary for the relevant period. Commission may be payable pro-rata on a monthly basis at the discretion of the Board of Directors.

(3) **Perquisites :** Perquisites will be allowed in addition to salary and commission restricted to an amount equal to the annual salary.

Unless the context otherwise requires, the perquisites are classified into three categories - Categories A, B and C as follows :

CATEGORY - A

(i) **Housing :** The Company shall provide rent-free furnished residential accommodation to the Director or House Rent Allowance of 60% of salary in lieu thereof.

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income-tax Rules, 1962.

(ii) **Medical Reimbursement:** Membership of and subscription paid to any hospital and/or doctors' schemes and/or schemes of an insurance company in India and all hospital and medical expenses incurred for self and family.

(iii) **Leave Travel Concession:** For self and family incurred in accordance with the rules specified by the Company.

(iv) **Club Fees:** Fees of clubs, subject to a maximum of two clubs, not including admission and life membership fees.

(v) **Personal Accident insurance:** In accordance with the rules specified by the Company.

For the above purposes, "family" means the spouse, dependent children and dependent parents of the Director.

CATEGORY - B

Company's contribution to the Provident Fund and the Pension Fund as per the Company's Rules provided that the Company's contribution to the Provident Fund and the Pension Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity shall be paid as per the Company's rules and will not be included in the computation of the ceiling on perquisites.

Encashment of leave at the end of the tenure will be permitted in accordance with the Rules of the Company, and will not be included in the computation of the ceiling on perquisites.

CATEGORY - C

The Company shall provide a car with driver and telephone facility at the residence of the Director. Provision of a car for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Director.

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4. Where in any financial year, the Company has no profits or its profits as inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

5. Other Terms :-

- (i) They shall not become interested or otherwise concerned directly or through their wives and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- (ii) They shall be entitled to reimbursement of all actual expenses including on entertainment and travelling incurred in the course of the Company's business.
- (iii) They shall be entitled to 30 days fully paid leave for every eleven months completed service.
- (iv) The appointment may be terminated by the Company or by them by giving not less than three months prior notice in writing.
- (v) The Agreements also set out the mutual rights and obligations to the Company and these Directors.

In compliance with the applicable provisions of the Companies Act, 1956, Ordinary Resolutions in terms as set out in items 5, 6, & 7 of the accompanying notice are now being placed before the Members in the General Meeting for their approval. Except Mr. Bankesh Chandra Agrawal, Mr. Kailashchandra Ramuka and Mr. Purusottam Sharma no other Director of the Company is concerned or interested in the said Ordinary Resolutions.

This Explanatory Statement is and should be treated as an abstract under Section 302 of the Companies Act, 1956, of the Agreements to be entered into between the Company and Mr. Bankesh Chandra Agrawal, Mr. Kailash Chandra Ramuka and Mr. Purushottam Sharma.

Items 8 & 9,

At present a Company having a share capital can not purchase its own shares unless such purchase is authorised by its Articles of Association and is also approved by the members and the court. Section 77 of the Companies Act, restricts the purchases of its own shares by a Company unless the same is done with a view to reduce its capital in pursuance of Sections 100 to 104 and Section 402 of the Companies Act, 1956. However, it is anticipated that the amendment/enactment of the Companies Act, 1956 may provide by back of shares subject to certain stipulations. The Directors therefore feel that it would be desirable to have the enabling power from the shareholders for this purpose.

The new Article 5A would enable the Company to issue shares with non voting rights and Article 10A to enable the Company to purchase any of its own shares.

None of the Directors are deemed to be concerned or interested in the resolution.

For and on behalf of the Board
(B.C. AGRAWAL)
 Managing Director

Mumbai, 13th August, 1997.

Regd. Office :
 A/8, M.I.D.C. Industrial Area,
 Mahad, Dist. Raigad (Maharashtra)

SHREE HARI CHEMICALS EXPORT LTD.**DIRECTORS' REPORT TO THE MEMBERS**

Dear Members,

Your Directors have pleasure in presenting the 10th Annual Report together with the Audited Statement of accounts of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS :

	<u>1996-97</u> (In Rupees)	<u>1995-96</u> (In Rupees))
Sales & Other Income	12,88,46,507	10,88,88,575
Profit before Depreciation	74,68,818	72,20,983
Less : Depreciation	53,62,630	25,75,467
Profit after Depreciation	21,06,188	46,45,516
Less : Provision for Income Tax	2,75,000	---
Profit After Tax	18,31,188	46,45,516

OPERATION

The turnover of Company has increased to Rs.1288.46 lacs as against Rs.1088.89 lacs in the previous year registering an increase of 18.32%. The Gross Profit during the year is Rs. 74.68 lacs as against Rs. 72.20 lacs in previous year but due to change of depreciation method the net profit has stand reduced to Rs. 21.06 lacs against Rs. 46.45 lacs during the previous year.

EXPORT

The Board is happy to inform that the Company's products continue to be well accepted in international market and this year export direct as well as through Recognised Export Houses have increased by 229.40% to Rs. 177.35 lacs as against Rs. 53.84 lacs in previous year. However total export turnover through intermediate is Rs. 140.50 lacs making total export Rs. 317.85 lacs.

EFFLUENT TREATMENT PLANT

The Company have effluent Treatment Plant since inception. In addition to that the Company have spent an amount of Rs.48.37 lacs during the current year on account of modification and updating the existing Effluent Treatment Systems as per the specification and direction of Pollution Control Board for environmental protection.

OUT LOOK FOR THE CURRENT YEAR

The Company continues to perform satisfactorily and has maintained its prominent position among H-Acid manufacturers. The Company's product continue to enjoy preferable position in domestic as well as international market.

The Board is happy to inform that the turnover of the Company's for the 1st four months i.e. April 1997 to July 1997 is increased to Rs. 541.07 lacs as against Rs. 332.70 lacs for the same period of previous year registering an increase of 62.63% . The export has also increased considerably by 291.20% aggregating to Rs. 300.65 lacs as against Rs. 76.85 lacs in corresponding months of the previous year.

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In accordance with the requirement of Sec.217(1) of the Companies Act 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 statement showing particulars, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed hereto and form part of this report.

PARTICULARS OF EMPLOYEES :

In accordance with the provision of section 217(2A) of the Companies Act 1956, there is no employee drawing salary in excess of Rs. 3.00 lacs per annum or Rs. 25000/- per month.

AUDITORS

M/s. Kailash Chand Jain & Co; Chartered Accountants, the Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have given their consent to re-appointment for the current year. Members are requested to appoint the Auditors and fix their remuneration.

STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT :

Statement of projected profitability as per prospectus dated 28.01.93 and actual results for the year ended 31st March, 1997 is given hereunder :

PARTICULARS	PROJECTION	ACTUAL
	<u>1996-97</u> (Rs. in lacs)	<u>1996-97</u> (Rs. in lacs)
Sales & Other Income	1707.60	1288.46
Profit before tax	257.16	21.06
Profit after Tax	180.20	18.31

The actual performance was lower due to delay in public issue and implementation of project by about 15 months. The profitability has been affected due to steep increase in prices of raw-materials, powder and fuel and also due to changes in method of providing depreciation from Straight Line Method to Written Down Value Method.

ACKNOWLEDGEMENT

Your directors place on record their sincere appreciation to all the employees of the Company whose untiring efforts have made possible achieving its goal Possible. Your Directors also express their gratitude on behalf of the Company to SICOM Ltd and State Bank of India for their valuable support and co-operation.

For and on behalf of the Board

(B.C. AGRAWAL)

Managing Director

Mumbai, 13th August, 1997.